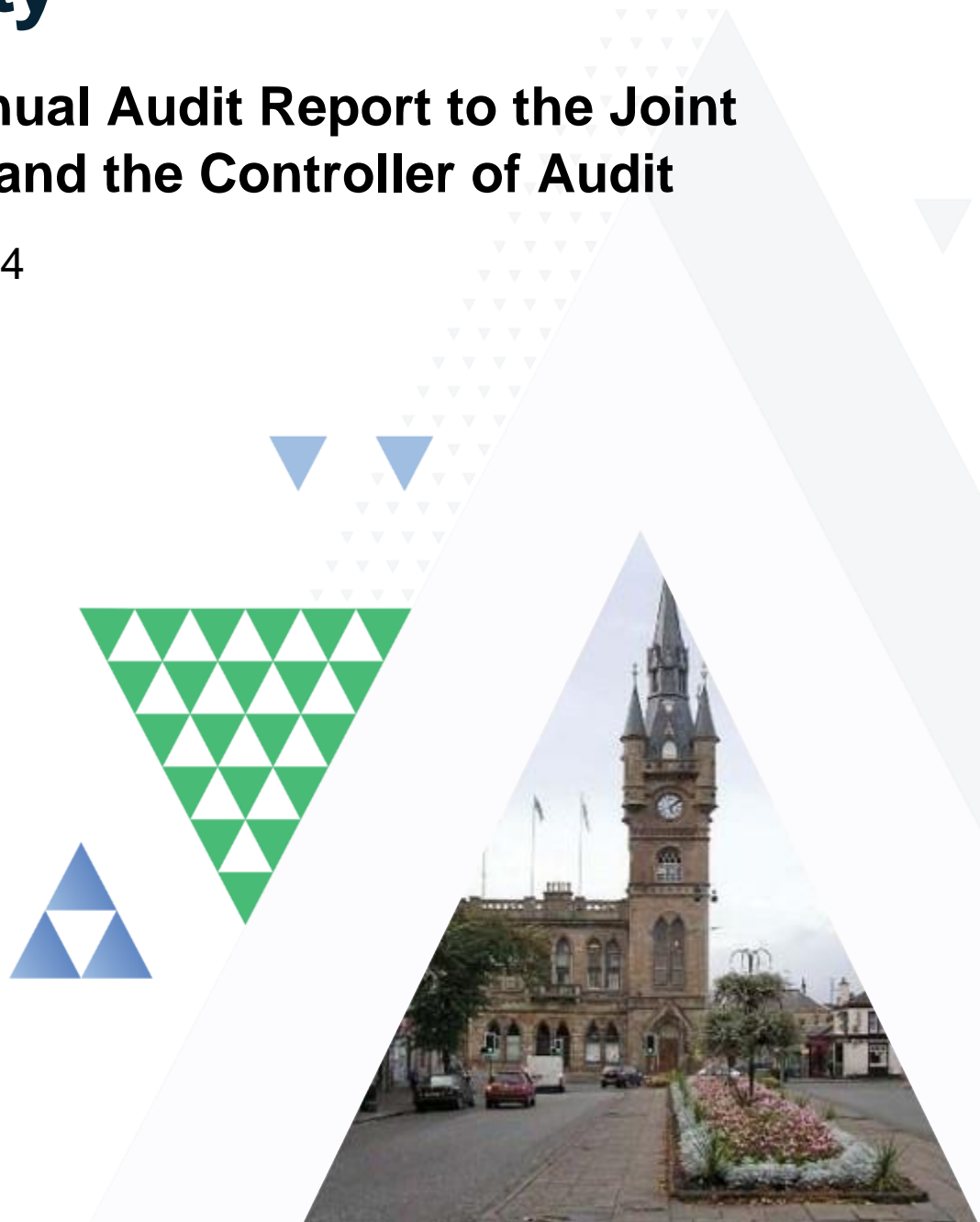




# Glasgow and the Clyde Valley Strategic Development Planning Authority

**2023/24 Annual Audit Report to the Joint Committee and the Controller of Audit**

September 2024



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# Key messages


This report concludes our audit of Glasgow and the Clyde Valley Strategic Development Planning Authority (“Clydeplan”) for the year ended 31 March 2024. This section summarises the key findings and conclusions from our audit.

## Financial statements audit

<b>Audit opinion</b>	<p>Clydeplan’s annual accounts for the year ended 31 March 2024 were approved by the Joint Committee on 9 September 2024.</p> <p>Our audit work is complete.</p> <p>We issued unqualified opinions within our independent auditor’s report.</p>
<b>Key audit findings</b>	<p>Clydeplan is expected to wind up the Joint Committee due to a change in underlying legislation affecting its remit. Clydeplan was created under the Planning etc. (Scotland) Act 2006, however the regional planning activities will be continued under the new Planning (Scotland) Act 2019 with the transfer of functions to a new sub-committee and a transfer of governance to another council as a lead authority. We have concluded that a going concern assumption for the 2023-24 annual accounts remains appropriate as the underlying activities of the organisation will continue under a changed governance model.</p> <p>Clydeplan had appropriate administrative processes in place to prepare the annual accounts and the supporting working papers. We have obtained adequate evidence in relation to the key audit risks identified in our audit plan.</p> <p>The accounting policies used to prepare the financial statements are considered appropriate. We are satisfied with the appropriateness of the accounting estimates and judgements used in the preparation of the financial statements. All material disclosures required by relevant legislation and applicable accounting standards have been made appropriately.</p>

<p><b>Audit adjustments</b></p>	<p>We have not identified any misstatements above our trivial threshold during the audit.</p> <p>We identified some disclosure and presentational adjustments during our audit, which have been reflect in the final set of financial statements.</p>
<p><b>Accounting systems and internal controls</b></p>	<p>We have applied a risk-based methodology to the audit. This approach requires us to document, evaluate and assess Clydeplan’s processes and internal controls relating to the financial reporting process.</p> <p>Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we include these in this report. We consider the control environment within Clydeplan to be satisfactory.</p>

## Wider scope and Best Value audit

<p><b>Financial Sustainability</b></p> <p>Financial sustainability looks forward to the medium and longer term to consider whether Clydeplan is planning effectively to continue to deliver its services.</p>	<p><b>Auditor judgement</b> </p> <hr/> <p>In January 2024 Clydeplan approved its revenue budget for 2024/25. The assumed spend has decreased when compared to the prior year from £567k to £349k.</p> <p>The Joint Committee has not extended its medium-term financial planning due to planned changes in governance arrangements and expected winding up of activities.</p> <p>Clydeplan’s general reserve is at a high level and exceeding the expected spend in the coming year. £47.5k of the general reserve is to be transferred to Green Network Development in 2024-25.</p> <p>With sufficient funding in place, the focus of the Joint Committee became short term and appropriate arrangements will be required to wind up the entity and distribute any remaining reserves.</p>
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## **Annual Governance Statement**

We are content that the Annual Governance statement reflects the position within Clydeplan and overall, we found the organisation to have appropriate governance arrangements. Our audit has not identified any issues or non-compliance from the work performed on the Annual Governance Statement.

## Definition

We use the following gradings to provide an overall assessment of the arrangements in place as they relate to the wider scope and best value areas. The text provides a guide to the key criteria we use in the assessment, although not all of the criteria may exist in every case.



# Introduction

The annual audit comprises the audit of the financial statements and the wider-scope and Best Value audit responsibilities set out in the Code of Audit Practice.

We outlined the scope of our audit in our External Audit Plan, which we presented to the Joint Committee at the outset of our audit. We have not made any subsequent changes to the risks outlined in that plan.

## Responsibilities

Clydeplan is responsible for preparing its annual accounts, including financial statements which show a true and fair view, and for implementing appropriate internal control systems. The weaknesses or risks identified in this report are only those that have come to our attention during our normal audit work and may not be all that exist. Communication in this report of matters arising from the audit or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on, the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to thank all management and staff for their co-operation and assistance during our audit.

## Auditor independence

International Standards on Auditing in the UK (ISAs (UK)) require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We confirm that we complied with the Financial Reporting Council's (FRC) Ethical Standard. In our professional judgement, we remained independent, and our objectivity has not been compromised in any way.

We set out in Appendix 1 our assessment and confirmation of independence.

## Adding value

All our clients quite rightly demand of us a positive contribution to meeting their ever-changing business needs. We add value by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way we aim to promote improved standards of governance, better management and decision making and more effective use of public money.

Any comments you may have on the service we provide would be greatly appreciated. Comments can be reported directly to any member of your audit team.

## Openness and transparency

This report will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).



# Annual accounts audit

Clydeplan's annual accounts are the principal means of accounting for the stewardship of its resources and its performance in the use of those resources.

## Our audit opinion

Opinion	Basis for opinion	Conclusions
Financial statements	<p>We conduct our audit in accordance with applicable law and International Standards on Auditing.</p> <p>Our findings / conclusions to inform our opinion are set out in this section of our annual report.</p>	<p>The draft financial statements, management commentary, remuneration report and annual governance statement were considered by the Joint Committee and approved on 10 June 2024.</p> <p>We have issued an unqualified audit opinion.</p> <p>We have not identified any non-trivial errors that require to be adjusted.</p> <p>We received the draft annual accounts and supporting papers in line with our audit timetable and those draft accounts were of good quality. Further information and revisions were provided promptly where required. Our thanks go to the Finance team for their assistance with our work.</p>

Opinion	Basis for opinion	Conclusions
<p>Going concern basis of accounting</p>	<p>In the public sector, when assessing whether the going concern basis of accounting is appropriate, the anticipated provision of services is more relevant to the assessment than the continued existence of a particular public body.</p> <p>We assess whether there are plans to discontinue Clydeplan’s functions.</p> <p>Our wider scope audit work considers the financial sustainability of Clydeplan.</p>	<p>Our understanding of the legislative framework and activities undertaken by Clydeplan provides us with sufficient assurance that the Joint Committee’s going concern assumption is appropriate.</p> <p>Our audit opinion is unqualified in this respect.</p>

Opinion	Basis for opinion	Conclusions
<p>Opinions prescribed by the Accounts Commission:</p> <ul style="list-style-type: none"> <li>• Management Commentary</li> <li>• Annual Governance Statement</li> <li>• Remuneration Report</li> </ul>	<p>We plan and perform audit procedures to gain assurance that the management commentary, corporate governance statement and the audited part of the remuneration report are prepared in accordance with:</p> <ul style="list-style-type: none"> <li>• statutory guidance issued under the Local Government in Scotland Act 2003 (management Commentary);</li> <li>• the Delivering Good Governance in Local Government: Framework (corporate governance statement); and</li> <li>• The Local Authority Accounts (Scotland) Regulations 2014 (remuneration report).</li> </ul>	<p>We have concluded that:</p> <ul style="list-style-type: none"> <li>• the information given in the management commentary is consistent with the financial statements and has been prepared in accordance with relevant statutory guidance;</li> <li>• the information given in the corporate governance statement is consistent with the financial statements and has been prepared in accordance with the Delivering Good Governance in Local Government: Framework;</li> <li>• the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.</li> </ul>

Opinion	Basis for opinion	Conclusions
Matters reported by exception	We are required to report on whether: <ul style="list-style-type: none"> <li>• adequate accounting records have not been kept; or</li> <li>• the financial statements and the audited part of the remuneration report are not in agreement with the accounting records; or</li> <li>• we have not received all the information and explanations we require for our audit.</li> </ul>	We have no matters to report.

## An overview of the scope of our audit

The scope of our audit was detailed in our External Audit Plan, which was presented to the Joint Committee in March 2024. The plan explained that we follow a risk-based approach to audit planning that reflects our overall assessment of the relevant risks that apply to Clydeplan. This ensures that our audit focuses on the areas of highest risk (the significant risk areas). Planning is a continuous process, and our audit plan is subject to review during the course of the audit to take account of developments that arise.

We carried out a further review of our risk assessment following receipt of the unaudited annual report and accounts. Our risk assessment has been updated for the following changes:

- Going concern has been highlighted in our plan as an area of interest, and due to subsequent agreement between the constituent authorities to wind up Clydeplan’s activities, we reclassified this area as a significant risk.
- Risk of fraud in non-pay expenditure and accruals was narrowed to the completeness of expenditure.

In our audit, we test and examine information using sampling and other audit techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain evidence through performing a review of the

significant accounting systems, substantive procedures and detailed analytical procedures.

## Significant risk areas and key audit matters

Significant risks are defined by auditing standards as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, we consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement. Audit procedures were designed to mitigate these risks.

As required by the Code of Audit Practice and the planning guidance issued by Audit Scotland, we consider the significant risks for the audit that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the audit team (the 'Key Audit Matters'), as detailed in the tables below.

Our audit procedures relating to these matters were designed in the context of our audit of the annual accounts as a whole, and not to express an opinion on individual accounts or disclosures.

Our anticipated opinion on the annual accounts is not modified with respect to any of the risks described below.

## Significant risks at the financial statement level

These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

### Management override of controls

#### Significant risk description

Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively.

Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk.

Specific areas of potential risk include manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business.

## Management override of controls

This was considered to be a significant risk and Key Audit Matter for the audit.

**Inherent risk of material misstatement:** Very High

### How the scope of our audit responded to the significant risk

#### Key judgement

There is the potential for management to use their judgement to influence the financial statements as well as the potential to override controls for specific transactions.

#### Audit procedures

- Documenting our understanding of the journals posting process and evaluating the design effectiveness of management controls over journals.
- Analysing the journals listing and determining criteria for selecting high risk and / or unusual journals.
- Testing high risk and / or unusual journals posted during the year and after the unaudited annual accounts stage back to supporting documentation for appropriateness, corroboration and appropriate approval in line with Clydeplan's journals policy.
- Gaining an understanding of the accounting estimates and critical judgements made by management. We challenged key assumptions and considered the reasonableness and indicators of management bias which could result in material misstatement due to fraud.
- Evaluating the rationale for any changes in accounting policies, estimates or significant unusual transactions.

### Key observations

We have not identified any indication of management override of controls from our audit work. We did not identify any areas of bias in key judgements made by management. Key judgements were consistent with prior years.

## Going concern (new)

### Significant risk description

Management must assess on annual basis Clydeplan's ability to continue as going concern assumption and make relevant disclosures in the accounts.

Following recommendation by the Joint Committee, a decision has been taken by each of the Clydeplan member local authorities at their respective Councils to formally withdraw from the Clydeplan Joint Committee, with a view to transferring responsibility the remit for the Regional Spatial Strategy and associated work to a new Regional Planning Sub-Committee, which will report into the Glasgow City Region Cabinet.

This was considered to be a significant risk and Key Audit Matter for the audit.

**Inherent risk of material misstatement:** Very High

### How the scope of our audit responded to the significant risk

#### Key judgement

There is a risk that going concern assumption is not appropriately disclosed in the accounts which can impact the auditor's opinion for the accounts.

#### Audit procedures

- Gaining understanding of the Clydeplan's position and arrangements for the wind up.
- Examining management's assessment of the going concern and assumptions used.
- Obtaining internal technical advice and liaising with Audit Scotland to consider impact on the accounts and auditor's opinion.
- Evaluating the disclosures made in the accounts.

### Key observations

Management provided us with their assessment of going concern which we have challenged and as a result it has been updated and clarified.

Clydeplan is expected to wind up its activities due to a change in the underlying legislation. Clydeplan was created under the Planning etc. (Scotland) Act 2006, however the regional planning activities will be continued under the new Planning (Scotland) Act 2019 with the transfer of functions to a new regional sub-committee and a transfer of governance to another council as a lead authority. The local

### Going concern (new)

authority representation on the new sub-committee will be the same as in Clydeplan. As the change is driven by legislation, we are satisfied that the updated assessment of going concern performed by management arrived at the reasonable conclusion that the use of going concern assumption remains appropriate as the underlying activities of Clydeplan will continue under the new governance arrangements.

## Significant risks at the assertion level for classes of transaction, account balances and disclosures

### Fraud in non-pay expenditure

#### Significant risk description

As most public sector bodies are net expenditure bodies, the risk of fraud is also present in relation to expenditure. There is a risk that expenditure may be materially misstated in the financial statements.

This was considered to be a significant risk and Key Audit Matter for the audit.

#### Inherent risk of material misstatement:

- Non-pay expenditure (completeness): High
- Accruals (completeness): High

#### How the scope of our audit responded to the significant risk

#### Key judgements

Given the financial pressures facing the public sector as a whole, there is an inherent fraud risk associated with the recording of accruals and expenditure around the year end.

#### Audit procedures

- Evaluating the significant non-pay expenditure streams and the design of the key controls in place over accounting for expenditure.
- Considering key areas of expenditure and obtaining evidence that expenditure is recorded in line with appropriate accounting policies and the policies have been consistently applied during the year.
- Testing expenditure and accruals to consider if there is any indication of understatement of



### Fraud in non-pay expenditure

balances held to ensure transactions recorded in the financial statements are complete.

### Key observations

We have gained reasonable assurance over the completeness of the expenditure.

### Valuation of defined benefit pension asset (key accounting estimate)

#### Significant risk description

An actuarial estimate of the pension fund asset/liability is calculated on an annual basis under IAS 19 and on a triennial funding basis by an independent firm of actuaries with specialist knowledge and experience. The estimates are based on the most up to date membership data held by the pension fund and have regard to local factors such as mortality rates and expected pay rises with other assumptions around inflation when calculating the liabilities. There is a risk that the assumptions used are not appropriate.

**Inherent risk of material misstatement:** Defined benefit pension asset (valuation): High

#### How the scope of our audit responded to the significant risk

#### Key judgements

A significant level of estimation is required in order to determine the valuation of pension assets/liabilities. Small changes in the key assumptions (including discount rates, inflation and mortality rates) can have a material impact on the pension asset/liability.

#### Audit procedures

- Reviewing the controls in place to ensure that the data provided to the actuary is complete and accurate.
- Evaluating the competence, capabilities and objectivity of management's actuarial expert.
- Considering the reasonableness of the assumptions used in the calculation against other local government pension fund actuaries and other observable data.
- Ensuring pension valuation movements made during the year were input correctly into the general ledger and financial statements and that

## Valuation of defined benefit pension asset (key accounting estimate)

the accounting treatment applied was in line with the financial reporting framework.

### Key observations

We reviewed the reasonableness of those assumptions used in the calculation against other local government pension fund actuaries and other observable data, with no issues identified. In addition, we reviewed the information in the actuarial report for completeness and accuracy against the published pension fund data.

We have considered the competence, capability and objectivity of the actuary in line with the requirements of ISA (UK) 500 'Audit Evidence'. From this review we did not identify any issues which gave us cause for concern over the suitability of the actuary.

We have reviewed the asset ceiling calculation and ensured that this has been appropriately applied to the financial statements.

We have gained reasonable assurance over the valuation of the defined benefit pension asset.

## Estimates and judgements

We are satisfied with the appropriateness of the accounting estimates and judgements used in the preparation of the financial statements.

As part of the planning and fieldwork stages of the audit we identified all accounting estimates made by management and determined which of those were key to the overall financial statements. Consideration was given to pension assumptions, income and expenditure accruals, depreciation, amortisation and leases. Other than pension assumptions, we have not determined the accounting estimates to be significant. We revisited our assessment during the fieldwork and completion stages of our audit and concluded that our assessment remained appropriate.

Our audit work consisted of reviewing these key areas for any indication of bias and assessing whether the judgements used by management are reasonable. We have summarised our assessment of this below, categorised between Prudent, Balanced and Optimistic.

## Estimates and judgements

### Pensions Assumptions

**Auditor judgement: Balanced**

An actuarial estimate of the pension fund asset is calculated on an annual basis and on a triennial funding basis by an independent firm of actuaries with specialist knowledge and experience. We have considered the competence, capability and objectivity of the actuary in line with the requirements of ISA (UK) 500 'Audit Evidence'. From this review we did not identify any items which gave us cause for concern over the suitability of the actuary.

We reviewed the reasonableness of the assumptions and source data used in the calculation and the information in the actuarial report for completeness and accuracy against the published pension fund data. Our work included a meeting with the actuary to discuss, scrutinise and review the pensions assumption relevant to Clydeplan. Our findings and conclusions are included in the significant risk table above.

Clydeplan has disclosed in its annual accounts a sensitivity analysis to help users of the annual accounts understand the judgements management have made about the sources of estimation uncertainty.

## Materiality

Materiality is an expression of the relative significance of a matter in the context of the financial statements as a whole. A matter is material if its omission or misstatement would reasonably influence the decisions of an addressee of the auditor's report. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of Clydeplan and the needs of users. We review our assessment of materiality throughout the audit.

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to the Joint Committee and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Our initial assessment of materiality was £11,000. On receipt of the unaudited financial statements, we reassessed materiality and have decreased this to £7,600 in proportion to the decrease in Gross Expenditure for 2023/24 financial year. We consider that our updated assessment has remained appropriate throughout our audit.

			£
<b>Overall materiality for the financial statements</b>		100%	7,600
<b>Performance materiality</b>		75%	5,700
<b>Trivial threshold</b>		13%	1,000

**Materiality**

Our assessment is made with reference to Clydeplan’s gross expenditure. We consider this to be the principal consideration for the users of the annual accounts when assessing financial performance of Clydeplan.

Our assessment of materiality equates to approximately 2% of gross expenditure as disclosed in the 2023/24 unaudited annual accounts.

In performing our audit, we apply a lower level of materiality to the Remuneration Report. Our materiality was set at £5k.

We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our materiality levels set. We perform a greater level of testing on the areas deemed to be at significant risk of material misstatement.

**Performance materiality**

Performance materiality is the working level of materiality used throughout the audit. We use performance materiality to determine the nature, timing and extent of audit procedures carried out.

Performance materiality is set at a value less than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of the uncorrected and undetected misstatements exceeds overall materiality.

**Trivial misstatements**

Trivial misstatements are matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

## Audit differences

We have not identified any errors during our audit of the draft financial statements.

We have identified a small number of disclosure or presentational adjustments during our audit which were reflected in the updated financial statements.

## Internal controls

As part of our work, we considered internal controls relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Joint Committee. These matters are limited to those which we have concluded are of sufficient importance to merit being reported.

We did not identify any significant control weaknesses during our audit.

## Follow up of prior year recommendations

We followed up on progress in implementing actions raised by the predecessor auditor in the prior year as they relate to the audit of the financial statements. Full details of our findings are included in Appendix 3.

## Other communications

### Accounting policies, presentation and disclosures

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies adopted by Clydeplan.

The accounting policies, which are disclosed in the financial statements, are in line with the CIPFA LASAAC Code of Practice and are considered appropriate. The accounting policies used in preparing the financial statements are unchanged from the previous year.

There are no significant financial statements disclosures that we consider should be brought to the attention of Clydeplan. All the disclosures required by relevant legislation and applicable accounting standards have been made appropriately. Overall, we found the disclosed accounting policies, and the overall disclosures and presentation to be appropriate.

### Fraud and suspected fraud

We have previously discussed the risk of fraud with management and the Joint Committee. We have not been made aware of any incidents in the period nor have any incidents come to our attention as a result of our audit testing.

Our work as auditor is not intended to identify any instances of fraud of a non-material nature and should not be relied upon for this purpose.

## Non-compliance with laws and regulations

As part of our standard audit testing, we have reviewed the laws and regulations impacting Clydeplan. There are no indications from this work of any significant incidences of non-compliance or material breaches of laws and regulations.

## Written representations

We requested written representations from management, and these have been shared with the Joint Committee alongside this report, and were approved and signed alongside the financial statements upon completion.

## Related parties


We are not aware of any related party transactions which have not been disclosed.

## Confirmations from third parties

All requested third party confirmations have been received.

# Wider Scope

## Financial sustainability

<p><b>Financial Sustainability</b></p> <p>Financial sustainability looks forward to the medium and longer term to consider whether Clydeplan is planning effectively to continue to deliver its services.</p>	<p><b>Auditor judgement</b> </p> <p>In January 2024 Clydeplan approved its revenue budget for 2024/25. The assumed spend has decreased when compared to the prior year from £567k to £349k.</p> <p>The Joint Committee has not extended its medium-term financial planning due to planned changes in governance arrangements and expected winding up of activities.</p> <p>Clydeplan's general reserve is at a high level and exceeding the expected spend in the coming year. £47.5k of the general reserve is to be transferred to Green Network Development in 2024/25.</p> <p>With sufficient funding in place, the focus of the Joint Committee became short term and appropriate arrangements will be required to wind up the entity and distribute any remaining reserves.</p>
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### Significant audit risk

Our audit plan identified a significant risk in relation to financial sustainability under our wider scope responsibilities. However, since then the individual local authorities making up the Joint Committee made a decision to withdraw from Clydeplan and wind up its activities. As such this risk is no longer relevant and budget priorities changed to closing of the activities.

Our findings on Clydeplan's arrangements for managing its finances in the expected remaining period of activity are outlined below.

## 2023/24 revenue budget

At the outset (December 2022) the Joint Committee approved a balanced revenue budget with £563k expenditure and £20k shortfall to be covered by the use of reserves.

The Comprehensive Income and Expenditure Statement for 2023/24 shows that Clydeplan spent £378.6k on the delivery of services, resulting in an accounting surplus of £58k. Additional statutory adjustments to the accounts have had no material impact on that surplus and the general reserve increased to £448k. The favourable budget outturn was caused by underspends in vacancies which were not filled. This resulted in further discount to the requisition of £15k per each of the eight constituent authorities.

## 2024/25 revenue budget

The 2024/25 budget was approved in January 2024 and was based on the assumption of likely wind-up of activities within the next 12 to 15 months.

Key assumptions in the 2024/25 budget and indicative financial plans include;

- 3% inflationary pay increases expected;
- recurrent savings are included and resulting from operational changes; and
- a transfer of £47.5k of Clydeplan reserves to the Green Network Partnership in 2024/25 to fund a Green Network Development Officer post extended for one year until 31 March 2025.

Requisition Income was proposed at £43,271 per member. This reduces the net requisition by 36% from the prior year's levels. The total expected spend is £349k (£567k in 2022/23 budget).

Reserves are expected to reduce by £47.5k from the actual 2023/24 year end reserves of £448k.

Following a recommendation by the Joint Committee, a decision has been taken by each of the Clydeplan member authorities at their respective Councils to formally withdraw from the Clydeplan Joint Committee, with a view to transferring responsibility for the Regional Spatial Strategy and associated work to a new Regional Planning Sub-Committee, which will report into the Glasgow City Region Cabinet.

The wind up is expected to be finalised within the next two years and following settlement of any income and expenditure any remaining reserves will be distributed in proportion to the gross requisitions.



## Annual Governance Statement

Our review of the Annual Governance Statement assessed the assurances which are provided to Clydeplan and management regarding the adequacy and effectiveness of the system of internal control which operated in the financial year. The statement also summarises internal audit findings with the Chief Internal Auditor's assurance statement concluding a reasonable level of assurance can be placed upon the adequacy and effectiveness of Clydeplan's internal control system.

We concluded that the information in the Annual Governance Statement is consistent with the financial statements and complies with the guidance issued by the Scottish Ministers.

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## Appendix 1: Responsibilities of Clydeplan and the Auditor

### Responsibilities of Clydeplan

Clydeplan is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. The Treasurer has been designated as that officer. The Treasurer is responsible for the preparation of Clydeplan’s annual accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Area	Clydeplan’s responsibilities
<p><b>Corporate governance</b></p>	<p>Clydeplan is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Those charged with governance should be involved in monitoring these arrangements.</p>
<p><b>Financial statements and related reports</b></p>	<p>Clydeplan has responsibility for:</p> <ul style="list-style-type: none"> <li>• preparing financial statements which give a true and fair view of the financial position of Clydeplan and its expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation;</li> <li>• maintaining accounting records and working papers that have been prepared to an acceptable professional standard and support the balances and transactions in its financial statements and related disclosures;</li> <li>• preparing and publishing, along with the financial statements, an annual governance statement, management commentary (or equivalent and a remuneration report that is consistent with the disclosures made in the financial statements and prepared in accordance with prescribed requirements. The management commentary should be fair, balanced and understandable and also address the longer-term financial sustainability of Clydeplan.</li> </ul> <p>Management is responsible, with the oversight of those charged with governance, for communicating relevant information to users</p>

Area	Clydeplan's responsibilities
	<p>about Clydeplan and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely.</p> <p>Clydeplan is responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of its objectives and safeguard and secure value for money from the public funds at its disposal. Clydeplan is also responsible for establishing effective and appropriate internal audit and risk-management functions.</p>
<p><b>Standards of conduct for prevention and detection of fraud and error</b></p>	<p>Clydeplan is responsible for establishing arrangements to prevent and detect fraud, error and irregularities, bribery and corruption and also to ensure that its affairs are managed in accordance with proper standards of conduct.</p>
<p><b>Financial position</b></p>	<p>Clydeplan is responsible for putting in place proper arrangements to ensure its financial position is soundly based having regard to:</p> <ul style="list-style-type: none"> <li>• Such financial monitoring and reporting arrangements as may be specified;</li> <li>• Compliance with statutory financial requirements and achievement of financial targets;</li> <li>• Balances and reserves, including strategies about levels and their future use;</li> <li>• Plans to deal with uncertainty in the medium and long term; and</li> <li>• The impact of planned future policies and foreseeable developments on the financial position.</li> </ul>
<p><b>Best Value</b></p>	<p>Clydeplan has a specific responsibility to ensure that arrangements have been made to secure best value. It is responsible for ensuring that these matters are given due priority and resources, and that proper procedures are established and operate satisfactorily.</p>

## Auditor responsibilities

### Code of Audit Practice

The Code of Audit Practice (the Code) describes the high-level, principles-based purpose and scope of public audit in Scotland. The 2021 Code came into effect from 2022/23.

The Code of Audit Practice outlines the responsibilities of external auditors appointed by the Auditor General and it is a condition of our appointment that we follow it.

We have concluded that Clydeplan is a less complex public body for 2023/24.

### Our responsibilities

Auditor responsibilities are derived from the Code, statute, International Standards on Auditing (UK) and the Ethical Standard for auditors, other professional requirements and best practice, and guidance from Audit Scotland.

We are responsible for the audit of the accounts and the wider-scope responsibilities explained below. We act independently in carrying out our role and in exercising professional judgement. We report to Clydeplan and others, including Audit Scotland, on the results of our audit work.

Weaknesses or risks, including fraud and other irregularities, identified by auditors, are only those which come to our attention during our normal audit work in accordance with the Code and may not be all that exist.

### Wider scope audit work

Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector.

The wider scope audit specified by the Code broadens the audit of the accounts to include additional aspects or risks in areas of financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.

However, for less complex bodies the wider scope and best value work is limited to:

- a review of the Annual Governance Statement; and
- concluding on the financial sustainability of the body and the services that it delivers over the medium to longer term and; for local government bodies, reporting on the arrangements for securing Best Value.

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## 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.



### Auditor considerations

Auditors consider the extent to which audited bodies show 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 it can continue to deliver services.

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## Best Value

Appointed auditors have a duty to be satisfied that local government bodies have made proper arrangements to secure best value.

Our work in respect of Clydeplan's best value arrangements has been integrated into our audit approach, including our work on the wider scope areas as set out within this report.

## Audit quality

The Auditor General and the Accounts Commission require assurance on the quality of public audit in Scotland through comprehensive audit quality arrangements that apply to all audit work and providers. These arrangements recognise the importance of audit quality to the Auditor General and the Accounts Commission and provide regular reporting on audit quality and performance.

Audit Scotland maintains and delivers an [Audit Quality Framework](#).

The most recent audit quality report can be found at <https://audit.scot/publications/quality-of-public-audit-in-scotland-annual-report-202223>

## Independence

The Ethical Standards and ISA (UK) 260 require us to give Clydeplan and fair disclosure of matters relating to our independence. In accordance with our profession's ethical guidance and further to our External Audit Annual Plan issued confirming audit arrangements we have no matters to bring to the Joint Committee's attention.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been

properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements.

Our period of total uninterrupted appointment as at the end of 31 March 2023 was two years.

## Audit and non-audit services

The total fees charged to the entity for the provision of services in 2023/24 were as follows. Prior year charges are also shown for comparative purposes:

	Current year	Prior year
Auditor remuneration	£20,400	£19,800
Auditor remuneration – going concern work	1,900	-
Pooled costs	£680	-
Audit support costs	-	£660
Sectoral cap adjustment	(£15,540)	(£14,680)
<b>Total fees</b>	<b>£7,440</b>	<b>£5,780</b>

We have increased our fee since the planning due to additional work and technical consultations around going concern which was required at the fieldwork stage.

The FRC's Ethical Standard stipulates that where an auditor undertakes non-audit work, appropriate safeguards must be applied to reduce or eliminate any threats to independence. We have not provided any non-audit services to Clydeplan.

## **Appendix 2: Audit differences identified during the audit**

We are required to inform the Joint Committee of any significant misstatements within the financial statements presented for audit that have been discovered during the course of our audit. The non-trivial misstatements discovered during the course of our audit which have been adjusted for by management are summarised below.

### **Adjusted misstatements**

We identified no adjusted misstatements during our audit.

### **Unadjusted misstatements**

We identified no unadjusted misstatements during our audit.

### **Misclassification and disclosure changes**

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by Clydeplan.

Overall, we found the disclosed accounting policies, significant accounting estimates and the overall disclosures and presentation to be appropriate.

We identified a small number of minor disclosure points which were subsequently updated in the accounts, including disclosure of IFRS 16 Leases impact and potential changes to the pensions note.

### **Impact of prior year unadjusted misstatements**

There were no prior year unadjusted misstatements reported in the prior year audit.



## Appendix 3: Follow up of prior year recommendations

We have followed up on the progress Clydeplan has made in implementing the recommendations raised by the previous auditor last year which were reported as either new or ongoing.

We note that this is ongoing.

### Recommendations raised in 2022/23

<p><b>Clydeplan Lease Arrangements</b></p>	<p>Clydeplan’s lease arrangements for West Regent Street expired in October 2019 and arrangements were made to operate from Glasgow City Council (GCC) with no charge.</p> <p>There is no written agreement or formal documentation outlining these arrangements.</p> <p>It was recommended that this arrangement was formalised and a contingent liability put in place for the potential liability owed to GCC in line with the estimates reflected in budgeting.</p>
<p>Ongoing</p>	<p>Due to planned wind-up of the Joint Committee no contingent liability is reported, and premises arrangements are expected to be reviewed over the next year by the Glasgow City Region.</p>
<p><b>Risk Monitoring and Review</b></p>	<p>A recommendation was raised as it was unclear how regularly risks are reviewed, and updated risk registers are not regularly reported to the Joint Committee for review and comment.</p> <p>Specifically, management should ensure:</p> <ul style="list-style-type: none"> <li>• That the risk management process is formalised, with an updated risk register taken regularly for review by the Joint Committee.</li> <li>• The governance statement is updated to reflect how sufficient assurance has been obtained over risks in the absence of formal review and monitoring and details any intentions of improvement to the process going forward.</li> </ul>
<p>Ongoing</p>	<p>Due to the retirement of both senior managers, and the planned wind-up of the Joint Committee, this work is now expected to be replaced by the new governance arrangements at the Glasgow City Region.</p>



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