



Annual Audit Report
East Dunbartonshire Council – year ended 31 March 2023

November 2024

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Dear East Dunbartonshire Council Elected Members and Controller of Audit,

Annual Audit Report – Year ended 31 March 2023

We are pleased to present our Annual Audit Report for the year ended 31 March 2023. The purpose of this document is to summarise our audit conclusions and findings from our considerations of the wider scope audit specified in the Code of Audit Practice 2021 namely, financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.

The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Annual Audit Plan, which we presented to you on 8 June 2023.

We have reviewed our Annual Audit Plan and concluded that the significant audit risks and other key judgement areas set out in that report remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07816354994.

Yours faithfully



Tom Reid (Audit Director)

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Contents

01	Executive summary
02	Status of the audit
03	Audit approach
04	Significant findings
05	Internal control conclusions
06	Summary of misstatements
07	Wider Scope
08	Best Value
A	Appendix A: Draft management representation letter – East Dunbartonshire Council
A	Appendix A: Draft management representation letter – Talbot Crosbie Bequest and East Dunbartonshire Charitable Trusts
B	Appendix B: Draft audit report – East Dunbartonshire Council
B	Appendix B: Draft audit report – Talbot Crosbie Bequest and East Dunbartonshire Charitable Trusts
C	Appendix C: Confirmation of our independence
D	Appendix D: Other communications
E	Appendix E: Wider scope and Best Value ratings

Our reports are prepared in accordance with Terms of Appointment Letter from Audit Scotland dated 18 May 2022 through which the Accounts Commission has appointed us as external auditor of East Dunbartonshire Council (the Council) for financial years 2022/23 to 2026/27. We undertake our audit in accordance with Part VII of the Local Government (Scotland) Act 1973, as amended; and our responsibilities as set out within Audit Scotland's Code of Audit Practice 2021.

Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and made available to Audit Scotland and the Accounts Commission, the Controller of Audit. We take no responsibility to any member or officer in their individual capacity or to any other third party.

01

Executive Summary

Executive summary

Audit conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2022/23 is set out in Audit Scotland's Code of Audit Practice 2021. Our responsibilities and powers are derived from Part VII of the Local Government (Scotland) Act 1973 and, as outlined in our Annual Audit Plan, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Annual Audit Plan, which include:

- Management override of controls;
- Valuation of property, plant and equipment;
- Valuation of the net defined benefit liability/surplus; and
- Liabilities from service concession agreements.

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements. Section 7 outlines our work on the Council's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

We have concluded our audit in respect of the financial statements for the year ended 31 March 2023.

Based on our audit work completed to date we have the following conclusions:



Audit opinion

We issued an unqualified opinion, without modification, on the financial statements of the Council, its group and the Charitable Trusts. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



Matters on which we report by exception

We are required by the Accounts Commission to report to you if, during the course of our audit, we have found that adequate accounting records have not been kept; the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Executive summary (continued)

Conclusions from our audit testing and audit opinion (continued)



Other information

We are required to report on whether the other information (comprising of Management's Commentary, Statement of Responsibilities and the unaudited parts of the Remuneration Report), is materially inconsistent with the financial statements; is materially inconsistent with our knowledge obtained in the course of the audit; or is materially misstated.

No inconsistencies have been identified and we have issued an unmodified opinion in this respect.



Wider powers

Section 101 of the Local Government (Scotland) Act 1973 requires us to give any person interested, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts.

We received no objections to the accounts.



Management Commentary and Annual Governance Statement

We are required to report on whether the information given in the Management Commentary and Annual Governance Statement is consistent with the financial statements; and has been properly prepared in accordance with the statutory guidance issued under the Local Government in Scotland Act 2003 and Delivering Good Governance in Local Government Framework 2016.

We have no matters to report in respect of the Management Commentary and Annual Governance Statement



Whole of Government Accounts (WGA)

The Council is below the threshold for auditor assurance set by the Scottish Government for all public bodies in Scotland. We are therefore not required to perform any examination of the Council's WGA return. However, we will submit the required assurance statement to the National Audit Office on conclusion of our audit.

Executive summary (continued)

Best Value and Wider Scope conclusions

As auditors appointed by the Accounts Commission, our wider scope responsibilities are set out in Audit Scotland's Code of Audit Practice 2021 and sits alongside Best Value requirements detailed in the Local Government (Scotland) Act 1973. The Code requirements broaden the scope of the 2022/23 audit and allows us to use a risk-based approach to report on our consideration of the Council's performance of best value and community planning duties and make recommendations for improvement and, where appropriate, conclude on the Council's performance.

The Code's wider scope framework is categorised into four areas:

- financial management;
- financial sustainability;
- vision, leadership and governance; and
- use of resources to improve outcomes.

It remains the responsibility of the Council to ensure proper financial stewardship of public funds, it complies with relevant legislation, and establishes effective governance of their activities. The Council is also responsible for ensuring that it establishes arrangements to secure continuous improvement in performance and, in making those arrangements, ensures resources are being used to improve strategic outcomes and demonstrate the economy, efficiency, and effectiveness throughout the use of its resources. These arrangements should be proportionate to the size and type of the Council, appropriate to the nature of the Council and the services and functions that it has been created to deliver.



Wider Scope

We have not identified any significant risks in arrangements to report in relation to the financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes arrangements that the Council has in place.

Further detail on our Wider Scope work is provided in section 7 of this report including any significant risks identified.



Best Value

We have not identified any significant risks in arrangements to report in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources.

Further detail on our Best Value work is provided in section 8 of this report including any significant risks identified.

02

Status of the audit

Status of our audit

We have concluded our audit in respect of financial statements for the year ended 31 March 2023 and there are no outstanding matters of which we are aware that would require modification of our audit opinion.

03

Audit Approach

Audit Approach

Changes to our audit approach

There have been no changes to the audit approach we communicated in our Annual Audit Plan, issued on 8 June 2023.

Materiality

Our provisional materiality at the planning stage of the audit was set at £9.820m for Council and £9.870m for its group using a benchmark of 2% of gross revenue expenditure at surplus/deficit level. Our Performance materiality was set at £6.380m for Council and £6.4m for the group.

Based on the final financial statement figures and other qualitative factors, the final overall materiality for Council we applied was £10.322m, final performance materiality: £6.709m. For group accounts, the final overall materiality we applied was £10.401m, final performance materiality: £6.761m.

We set a clearly trivial level at the planning stage of the audit of £0.295m for the Council and £0.296m for the group. We have capped this at £0.250m to comply with the maximum threshold allowed by Audit Scotland.

Use of experts

We used the experts to assist us to obtain sufficient appropriate audit evidence on specific items of account. In addition to the experts listed in our Annual Audit Plan, we used Forvis Mazars Real Estate Valuation to review the Council's valuation methodology on DRC and EUV assets, consider the Council's non-revalued assets methodology on DRC assets and review the Council's approach to non-revalued EUV assets.

Charitable Trusts

At the planning stage of the audit, we set separate materialities for each of the charitable trusts. We have reviewed our methodology and set a single materiality to reflect that the charitable trusts financial statements are covered by a single audit opinion.

Our provisional materiality at the planning stage of the audit was set at £19,713. Our final assessment of materiality, based on the final financial statements, is £18,100 using the same benchmark

We have provided our consideration of our independence as part of the Council engagement and Charitable Trust engagement in Appendix C.

Audit Approach (continued)

Group audit approach

Group component	Approach adopted	Key points or matters to report
Strathclyde Partnership for Transport	Desktop Review procedures	Consolidation basis challenged, entity removed from group consolidation.
Strathclyde Concessionary Travel Scheme Joint Board	Desktop Review procedures	Consolidation basis challenged, entity removed from group consolidation.
Dunbartonshire and Argyll and Bute Valuation Joint Board	Desktop Review procedures	Work complete. Audit adjustments identified.
East Dunbartonshire Health & Social Care Partnership	Desktop Review procedures	Work complete. No matters to report.
East Dunbartonshire Leisure and Culture Trust Limited	Audit of one or more account balances, classes of transactions or disclosures. i.e. pensions related transactions, balances and disclosures	Work complete. No matters to report.
Mugdock Country Park Joint Management Committee	Desktop Review procedures	Work complete. No matters to report.
EDC Trust Funds	Desktop Review procedures	Work complete. No matters to report.
EDC Common Good	Desktop Review procedures	Work complete. No matters to report.

Full audit - Performance of an audit of the component's financial information prepared for group reporting purposes using component materiality

Audit of balances and/or disclosures - Performance of an audit of specific balances and/or disclosures included in the component's financial information prepared for group reporting purposes, using component materiality

Specific audit procedures - Performance of specific audit procedures on the component's financial information

Review procedures - Review of the component's financial information prepared for group reporting purposes using the component materiality assigned

Significant findings

Significant findings

Significant findings, including key areas of management judgement

The significant findings from our audit include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Annual Audit Plan;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 20 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management;
- any significant difficulties we experienced during the audit; and

Significant findings

Management override of controls

(Council and Charitable Trusts)

Description of the risk

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, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk through performing audit work over:

- Reviewing the key areas of the financial statements where management has used judgement and estimation techniques and considering whether there is evidence of unfair bias;
- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements; and
- Considering and testing any significant transactions outside the normal course of business or otherwise unusual.

Audit conclusion

Our work has provided the assurance we sought in each of these areas and as at the time of this report has not highlighted any material issues to bring to your attention

Significant findings (continued)

Valuation of property, plant and equipment

Description of the risk

The Council held land and buildings (including council dwellings), with a net book value of £562 million at 31 March 2022. 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. This creates a risk that the carrying value of those assets that have been revalued in year is materially different from the year end fair value.

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, we have determined there is a significant risk in this area.

How we addressed this risk

We addressed this risk through performing audit work over:

- Assessing the scope and terms of engagement with the Valuer;
- Assessing the competence, skills and objectivity of the Valuer;
- Assessing how management use the Valuer's report to value land and buildings included in the financial statements;
- Testing the accuracy of the data used in valuations;
- Challenging the Council and Valuer's assumptions and judgements applied in valuations;
- Reviewing the valuation methodology used, including the appropriateness of the valuation basis; and
- Considering the reasonableness of the valuation by comparing the valuation output with market intelligence.
- Testing 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 have confirmed that the movements have been accounted for in accordance with the Code.
- Challenging management's assessment for those assets not subject to valuation in the year and consulted with our internal property experts.
- For those valued on Existing Use Value on a market comparable basis, our property experts assisted us in checking market movements and confirmed immaterial potential movement for 2022/23.
- For those valued on a Depreciated Replacement Cost basis, which would be impacted by changes in build costs during the year, we tested management's analysis of changes in the Build Costs Information Service (BCIS) index with no exceptions noted.

We engaged the Forvis Mazars Real Estate Valuation team to assist us with the above.

Audit conclusion

Our work in this area is complete, and based on the results of testing, there are no significant issues arising which are required to report to you.

Significant findings (continued)

Valuation of the net defined benefit liability/surplus

Description of the management judgement

The Council had a net pension liability of £87 million at 31 March 2022. 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.

How our audit addressed this area of management judgement

We addressed this risk through performing audit work over:

- Reviewing the controls that the Council has in place over the information sent to the Scheme Actuary by the fund administrators (Strathclyde Pension Fund);
- Assessing the skill, competence and experience of the Fund's actuary;
- Challenging the reasonableness of the assumptions used by the actuary as part of the annual IAS 19 valuation; and
- Carrying out a range of substantive procedures on relevant information and cash flows used by the actuary as part of the annual IAS 19 valuation.
- Obtaining assurance from the auditor of the pension fund over the controls for providing accurate data to the actuary.
- Testing the completeness of the membership data submitted by Strathclyde Pension Fund to the Scheme Actuary,

Audit conclusion

Our work has provided the assurance we sought in each of these areas and as at the time of this report has not highlighted any material unadjusted issues to bring to your attention. We held discussions with management and did additional audit work on assumptions around the value of pension assets recognised in the financial statements. Management subsequently adjusted the financial statements to reflect the computation of an asset ceiling by the actuary, see Section 6.

Significant findings (continued)

Key areas of management judgement and enhanced risk

Liabilities from service concession arrangements

Description of the management judgement

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 the 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 £124 million and a liability of £73 million for service concession arrangements in its 2021/22 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.

How our audit addressed this area of management judgement

We addressed this risk through reviewing the Council’s adopted approach for accounting for its service concession arrangements.

Audit conclusion

Our work has provided the assurance we sought in each of these areas and as at the time of this report has not highlighted any material unadjusted issues to bring to your attention

Significant findings (continued)

Qualitative aspects of the Council's accounting practices

We have reviewed the Council's accounting policies and disclosures and concluded they comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets, published in November 2022, appropriately tailored to the Council's circumstances.

We received unaudited accounts from the Council on 30 June 2023. We identified several areas where the account disclosures were not consistent with the Code requirements.

Significant matters discussed with management

During our audit we communicated the following significant matters to management:

- **First year audit procedures.** Auditing standards require us to carry out additional specific procedures for the first year of an audit. These include: seeking professional clearance confirmations from the predecessor auditor, reviewing the predecessor auditor's working papers and reports and specific procedures over brought forward balances. As part of this work, we discussed controls in place for key information systems with management.
- **Audit of areas with Complex Accounting Estimates.** As outlined in the previous section, we discussed with management and tested the areas of valuation of defined benefit liability/asset and property, plant and equipment as areas involving complex estimations and judgement. These areas took significant audit effort.
- **Consideration of Consolidation Basis.** We discussed with management in detail the consolidation basis for its related parties, in particular the Strathclyde Partnership for Transport and the Strathclyde Concessionary Travel Scheme Joint Committee. These were initially accounted for as associates in the Group Accounts of the Council but did not appear to meet the criteria for associates set in the Code and accounting standards.

- **Pension asset ceiling.** We discussed the requirement to determine if an asset ceiling should be applied to the net defined pension asset initially recognised in the accounts, as well as the need to ascertain its value. Where bodies can access the economic benefit arising from the asset in terms of reduced contributions or a refund, they should recognise the net defined benefit as an asset. The net defined benefit asset recognised should be the surplus, adjusted for the effect of any asset ceiling. Following our discussions, officers obtained an asset ceiling calculation from the pension fund actuary and reduced the pension asset to the asset ceiling.
- **Reinforced Autoclaved Aerated Concrete (RAAC).** Safety concerns relating to the use of RAAC led the Scottish Government to require local authorities to complete a survey to assess their level of risk. We have considered the Council's response to the Scottish Government and considered its conclusion that there was no requirement for a provision or impairment in its 2022/23 accounts. We have also taken into account representations from management on the matter and have not identified any matters that affect our audit report.

Significant difficulties during the audit

During the course of the audit we have had the co-operation of management. The first year of any audit after rotation presents additional challenges. This includes setting out and agreeing expectations in relation to audit evidence, including working papers.

In our view, some of the working papers provided by the Council to support the annual accounts were not sufficiently detailed for our audit approach, which is designed to ensure we comply with International Standards on Auditing, and not all the information we required was available at the start of our audit. We will work with the Council to identify areas for improvement including how transaction level detail and payroll reports can be provided to support our detailed testing and how officers can enhance the reconciliation between the trial balance and the accounts.

Significant findings (continued)

Wider responsibilities – statutory reporting

The 1973 Act allows any persons interested to inspect the accounts to be audited and the underlying accounting records of the Council. The act also allows any persons interested to object to the accounts. No such objections have been raised.

We are required to notify the Controller of Audit when circumstances indicate that a statutory report may be required.

- Section 102(1) of the 1973 Act allows us to prepare a report to the Commission about the Council's accounts; matters that have arisen during the audit that should be brought to the attention of the public; or the performance of the Council in their duties relating to Best Value and community planning.
- Section 102(3) of the 1973 Act allows us to make a special report to the Commission if an item of account is contrary to law; there has been a failure on someone's part to bring into account a sum which ought to have been brought into account; a loss has been incurred or deficiency caused by the negligence or misconduct of a person, or by the failure of a body to carry out a duty imposed on them by any enactment; or a sum which ought to have been credited or debited to one account of a body has been credited or debited to another account and the body has not taken, or is not taking, steps to remedy the matter.
- Section 97A of the 1973 Act allows us to undertake or promote comparative and other studies to make and publish recommendations for the securing by local government bodies of Best Value, improving economy, efficiency and effectiveness in the provision of services by local government bodies and improving the financial or other management of local government bodies.

We have no indication that a statutory report may be required.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We will submit this information to the NAO after the conclusion of our audit.

05

Internal control conclusions

Internal control conclusions

Overview of engagement

As part of our audit, we obtained an understanding of Council's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and determine the nature, timing, and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of Council's internal controls, we are required to communicate to the Audit and Risk Management Committee any significant deficiencies in internal controls that we identified in during our audit.

Deficiencies in internal control

A deficiency in internal control exists if:

- A control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/ or correct potential misstatements in the financial statements; or
- A necessary control to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered Council's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Council's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported.

If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported.

Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

The deficiencies Council's internal controls that we have identified as at the date of this report are in set out on the following pages.

Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency is of sufficient importance to merit the attention of the Audit and Risk Management Committee.

We have not identified any significant deficiencies in the Council's internal controls.

Other observations

We also record our observations on the Council's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

Our other internal control observations, as at the date of this report, are set out in this section. These will be reported to management directly and have been included in this report for your information.

Whether internal control observations merit attention by the Audit and Risk Management Committee and/ or management is a matter of professional judgment, taking into account the risk of misstatement that may arise in the financial statements as a result of those observations.

Internal control conclusions (continued)

Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Description of deficiency

Related parties – Register of Interest – Level 2

The Council is required to disclose all transactions with related parties in the annual accounts where the transactions are material to either party. In our opinion the Council could enhance its process for identifying related party transactions by requiring councillors and senior officers to review and, if necessary, update their declarations of interest on an annual basis as opposed to when new declarations are made.

Potential effects

There is a risk that the Council does not identify all material related party transactions and consider these for disclosure in the accounts.

Recommendation

The Council should consider requiring declarations of interest to be updated annually to coincide with preparation of the annual accounts.

Management response

The Council complies with the required codes of conduct with processes in place aligned to the guidance. Suitable disclosures, made following a review of relevant returns by the Chief Solicitor and Monitoring Officer, are reflected in the Council's financial statements.

Internal control conclusions (continued)

Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Description of deficiency

Loans and borrowings – Level 3

We were unable to reconcile the start and expiry dates for the Council's long term borrowing from direct lender confirmations to the Logotech treasury management system. We discussed this with officers who confirmed that this was an error in the Logotech system and that the dates on the system will be updated.

Potential effects

Recording incorrect information on loans and borrowings may lead to inaccuracies in the financial statements.

Recommendation

Management should put arrangements in place to ensure the accuracy of information in the Logotech system is regularly reviewed.

Management response

Officers will apply secondary checks to ensure the integrity of the information included in secondary systems. Every new deal entered onto Logotech is checked by a second person and evidence of this retained on the system.

Internal control conclusions (continued)

Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Description of deficiency

Fixed Asset Register reconciliation to Accounts – Level 2

The Property, Plant and Equipment (PPE) note in the annual accounts does not reconcile to the fixed asset register, predominantly for council dwellings. Although the overall difference is not material, there were several variances identified under each asset category in the PPE note in the annual accounts.

Potential effects

Discrepancies between the fixed asset register and the annual accounts may result in incorrect or incomplete disclosures.

Recommendation

Management should perform annual reconciliations between the fixed asset register and annual accounts to ensure discrepancies are identified and resolved promptly.

Management response

The Council does undertake reconciliations between systems on a regular basis. Officers were aware of small balances between systems which are immaterial and would not require any further investigation. As a housekeeping exercise Officers will consider removing these small balances.

Internal control conclusions (continued)

Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Description of deficiency

Property Floor Plans – Level 2

During our asset valuation sample testing we identified discrepancies between the areas within floor plans and the areas used by management's valuation expert for revaluing Council buildings. We have concluded that these discrepancies did not result in material misstatement of the assets. However, this is an area officer should monitor closely in future valuations.

Potential effects

Inaccurate area measurements may result in misstatement of property, plant and equipment in the annual accounts.

Recommendation

Management should put arrangements in place to fully review the accuracy of data provided to valuers.

Management response

Where new build assets have yet to be measured upon completion, areas from as built drawings are used to support the valuation process. Upon completion of an asset, measured surveys are undertaken to establish the exact areas and those are then used by the Council's Valuers in future valuations. Officers will endeavour to provide updated floor areas as soon as possible following practical completion of a new asset or changes to an existing asset.

Internal control conclusions (continued)

Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Description of deficiency

Valuation of Council Dwelling Additions – Level 2

The council has not valued new build council dwellings recognised at 31 March 2023 in line with the accounting policy disclosed in the annual accounts, which is “The fair value of Council dwellings shall be measured using existing use value – social housing (EUV-SH)”. We have confirmed that valuing these assets under the appropriate approach would not result in a material adjustment to the carrying value of council dwellings.

Potential effects

Non-compliance with accounting policies increases the risk of the financial statements being materially misstated.

Recommendation

The council should ensure valuations are carried out in line with its accounting policies and the Code of Practice on Local Authority Accounting.

Management response

The Council capitalised the assets at the purchase price which is recognised to be incorrect, albeit understandable. The error would have been rectified at the next valuation however this may have taken some time depending on the schedule of valuations. This has now been rectified and all new assets capitalised at the correct value.

Internal control conclusions (continued)

Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Description of deficiency

IT General Controls – Privileged access – Level 2

We identified that Finance System Administrators are tasked with configuring the system, including user setup, password resets, and defining access levels. User access request forms were unavailable for four users out of 15. We found no compensating controls in place for these roles and no specific policies governing their responsibilities.

Potential effects

The creation of fictitious users could facilitate unauthorised payment approvals and the submission of fraudulent journal entries, potentially leading to financial fraud.

Recommendation

The Council should establish role-based access management controls to restrict user access, ensuring that management of these controls is limited to IT personnel. The Council should also ensure its IT policies include appropriate processes and controls for user access.

Management response

Audit testing included long standing system users, well known to the system administrators, where paperwork had been previously archived and now destroyed. Digital forms are now used and these are retained for 6 years in line with agreed retention periods. Officers also carry out twice yearly user audits to remove anyone no longer accessing the system, with further list of leavers being provided from HR (via the ICT Service Desk) every week. We do not consider moving system access controls to be an improvement in control rather moves the risk elsewhere within the Council. There was regular action taken to remove non-users, and the controls operate as intended.

Internal control conclusions (continued)

Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Description of deficiency

IT General Controls – Leavers – Level 3

A user left the Council on 9 September 2022. However, their access to Oracle was not terminated until October 4, 2022, which was 25 days after their dismissal. We have confirmed that the user did not log in after their dismissal.

Potential effects

Prolonged or incomplete revocation of access increases the risk of unauthorised entry to sensitive data, leading to potential data breaches. Departing employees may misuse their ongoing access to steal information, disrupt systems, or carry out other harmful actions.

Recommendation

The Oracle System Administrator's notes should specify a reasonable timeframe for revoking access when an employee leaves the Council.

The Council should also consider implementing automated access management systems and ensure that access revocation is integrated into the offboarding process without delay. Conducting regular audits of access rights will also help uphold security and compliance.

Management response

On termination of employment all ICT equipment is returned and overriding system access removed. These overriding controls prevent access to supporting systems including the ledger. Officers recognise that there have been delays in leavers lists being cascaded and whilst this is not per usual timescales the risks identified above are generally contained.

Internal control conclusions (continued)

Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Description of deficiency

IT General Control : User access review - Level 3

Our testing of user access rights identified an officer who is the system administrator and conducts user access audits. We noted that the finance officer self-reviews their own access rights.

Potential effects

Self-review increases the risk that unnecessary or unauthorised access rights and permissions are retained.

Recommendation

The Council should ensure user access rights are independently reviewed.

Management response

The team will implement secondary checks of the biannual user access audits to ensure appropriate segregation of duties.

Internal control conclusions (continued)

Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Description of deficiency

Cash and bank reconciliation – Level 2

Officer did not provide cash and cash equivalents working papers clearly reconciling items between bank statements and the general ledger. We spent significant time carrying out our own reconciliation exercise to ensure the accuracy of the balances disclosed in the annual accounts.

Potential effects

The absence of a robust process for reconciling bank balances to the general ledger may result in incorrect or incomplete disclosures in the annual accounts.

Recommendation

Management should put arrangements in place to provide a reconciliation between bank balances and the general ledger which clearly identifies and explains any reconciling items.

Management response

Bank reconciliations are carried out on a Periodic basis with the Council's Chief Finance Officer reviewing these and formally signing these off for completeness.

Internal control conclusions (continued)

Follow up on previous internal control points

We set out below an update on internal control points raised in the prior year.

Description of deficiency

Annual review of land and property valuations – Level 2

For those categories of assets not revalued in 2021/22 the Chief Finance Officer has documented how the council has concluded that in the absence of a recent revaluation, the asset values in the annual accounts are fairly stated. Documentation of these considerations should be produced annually to ensure the revaluation programme is frequent enough to provide assurance that asset values are fairly stated in the accounts.

The council is also required to consider whether, for those assets not revalued in year, there are any indications that an asset may have been impaired. Although the council undertakes an annual impairment review, the evidence of this review is not formally documented.

Potential effects

Asset values are not fairly stated in the accounts.

Recommendation

In future years the consideration of whether there has been a material movement in asset values, should include what percentage movement would trigger a revaluation. This should be done in advance of the review of market indices or assessment from the valuer.

A formal impairment review should be undertaken and documented on an annual basis.

2022/23 update

The first part of the recommendation is complete, with the Council carrying out a review of market indices and receiving an assessment from the valuer in 2022/23.

06

Summary of misstatements

Summary of misstatements

We set out below and on the following pages a summary of the misstatements we identified during our audit, above the trivial threshold for adjustment of £0.25m.

The first table in this section sets out the misstatements we identified which management has assessed as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. The second table outlines the misstatements we identified that have been adjusted by management.

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Annual Audit Plan, issued on 8 June 2023. Any subsequent changes to those figures are set out in the section 3 of this report.

Summary of misstatements

Unadjusted misstatements

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to you unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

Details of adjustment	CIES	CIES	Balance Sheet	Balance Sheet
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Pension asset				
Cr: CIES remeasurement of net defined benefit liability/(asset)		2,227	2,227	
To adjust for error apportioned to East Dunbartonshire Council from Strathclyde Pension Fund for understatement of private equity, debt infrastructure and direct impact portfolio				
Aggregate effect of unadjusted misstatements		2,227	2,227	

We will obtain written representations confirming that, after considering the unadjusted misstatements, both individually and in aggregate, in the context of the financial statements taken as a whole, no adjustments are required.

Summary of misstatements (continued)

Adjusted misstatements

The misstatements in the table below have been adjusted by management. We report all individual misstatements above our reporting threshold that we identify during our audit and which management had adjusted and any other misstatements we believe the Audit and Risk Management Committee should be made aware of.

Details of adjustment	CIES	CIES	Balance Sheet	Balance Sheet
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Pension Reserve Cr: Pension Liability Cr: Pension Asset To adjust for the effects of the asset ceiling which brings the balance on Balance Sheet from £157,154k of pension asset to £28,120 of pension liability post asset ceiling calculations.			185,274	157,154 28,120
Dr. Group Usable Reserves Dr. Group Unusable Reserves Cr. Investment in Associates & Joint Ventures To derecognise the consolidated Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme Joint Committee			8,036 15,271	23,307
Dr. CIES Cr. Investment in Associates & Joint Ventures To adjust for the fact that a non-finalised version of accounts for DAB VJB was used in the consolidation process	2,265			2,265
	2,265		208,581	210,846

Summary of misstatements (continued)

Adjusted misstatements – Prior Year Comparatives

Details of adjustment	CIES	CIES	Balance Sheet	Balance Sheet
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr. Group Usable Reserves Dr. Group Unusable Reserves Cr. Investment in Associates & Joint Ventures			8,474 15,225	23,699
To derecognise the consolidated Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme Joint Committee				
			23,699	23,699

Summary of misstatements

Adjusted audit misstatement for Charitable Trust Account

Details of adjustment	CIES	CIES	Balance Sheet	Balance Sheet
	Dr (£)	Cr (£)	Dr (£)	Cr (£)
Dr: Investments				
Cr: Equity	769			769
Due to the change in amount per direct confirmation received from investment manager				
Aggregate effect of unadjusted misstatements	3,968	2,227	2,227	3,968

We will obtain written representations confirming that, after considering the unadjusted misstatements, both individually and in aggregate, in the context of the financial statements taken as a whole, no adjustments are required.

Summary of misstatements (continued)

Disclosure misstatements

We identified the following disclosure misstatements during our audit that have been corrected by management:

- Management Commentary:- Changes to the figures, dates, percentages, prior year information, spelling errors in the report.
- Annual Governance Statement:- Amendments made to ensure compliance with the Delivering Good Governance in Local Government Framework 2016.
- Remuneration report:- Minor disclosure narrative amendments to the remuneration report.
- Cash and Cash equivalents:- Presentation change of cash and cash equivalents on the face of balance sheet. Updating of cash note signs to be internally consistent with Balance sheet.
- Pensions:- Recommended to include narrative in respect of the calculation of the asset ceiling.
- MIRS/Adjustment between Accounting Basis and Funding Basis under Regulations note:- Correction of amounts within Note 7 and inclusion of “Capital Receipt Reserves and Transfer” from “Capital Receipt Reserve to Capital Fund” lines to be in line with the Code.
- Council Tax/NDR notes:- Updating the note to include current year figures as draft version had previous figures in the draft accounts.
- Property, Plant and Equipment note:- Amendments to the note narrative. Amendment to the other reclassifications line requested to be appropriately classified.
- Accounting policies note:- Amendment to the narrative of several sub notes to reflect the updated requirements and definitions.
- Estimation uncertainty note:- Addition of PPE as an estimate, given the value and nature of Council’s PPE holdings.
- Financial Instruments:- Several amendments:
 - Correction of references made to obsolete IAS 39 financial asset classifications disclosed. Any references to loans and receivables are no longer relevant and should be updated to reflect IFRS 9 financial asset classifications
 - Carrying Amount and Fair Value amounts for financial liabilities found to be incorrect.
 - Description of the fair value of assets and liabilities in the note references only long term debtors, borrowings and creditors. Addition to short term values to be made.
 - Any references to loans and receivables are no longer relevant and should be updated to reflect IFRS 9 financial asset classifications.
 - Amendment to include/exclude assets as per the recognition as financial instruments to be in line with the Code.

Summary of misstatements (continued)

Disclosure misstatements (Continued)

- Usable reserves:- Inclusion of description for the purpose and nature of material earmarked reserves disclosed in financial statements per the Code.
- Cash flow Statement:- Addition of disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes should be provided.
- Group balance sheet:- Agreement of the value in cashflow to cash and cash equivalent note to be done. Inclusion of a group pension note as Group balance sheet and CIES pension values are found to be materially different to those in the single entity.
- Consolidated entities:- To derecognise the consolidated Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme Joint Committee to be in line with Code definition of associates. Inclusion of note to identify the difference between signed 21/22 PY amounts and restated amounts.
- Consolidation FS:- Correction of amounts throughout the group FS to be internally consistent with notes and final amounts of signed accounts of consolidated entities.
- Events after balance sheet date note:- Inclusion of narrative in respect to Virgin Media ruling to comply with IAS 10.

Trust accounts

- Balance Sheet Presentation :- Cash and bank heading to be changed to other monetary assets given there is no funds held by Trust itself.

There were other adjustments to the annual report and accounts for minor disclosure, consistency or presentational matters.

We identified the following disclosures misstatements during out audit that have not been corrected by management:-

- Disclosure of Capital Commitments note in the accounts.

We will obtain written representations confirming that, after considering the unadjusted disclosure misstatements, both individually and in aggregate, in the context of the annual report and financial statements taken as a whole, no adjustments are required.

07

Wider scope

Commentary on Wider Scope

Overall Summary



Commentary on Wider Scope

Wider scope summary




As auditors appointed by the Accounts Commission, our wider scope responsibilities are set out in the Code of Audit Practice 2021 and sits alongside Best Value requirements detailed in the Local Government (Scotland) Act 1973. The Code requirements broaden the scope of the 2022/23 audit and allow us to use a risk-based approach to report on our consideration of the Council's performance of best value and community planning duties and make recommendations for improvement and, where appropriate, conclude on the Council's performance.

The Code's wider scope framework is categorised into four areas:

- financial management;
- financial sustainability;
- vision, leadership and governance; and
- use of resources to improve outcomes.

Overall summary by reporting criteria

From the satisfactory conclusion of our audit work, we have the following conclusions:

Reporting criteria	Commentary page reference	Identified risks?	Actual risks identified?	Other recommendations made?
 Financial management	44	No	No	No
 Financial sustainability	49	No	No	No
 Vision, leadership and governance	51	No	No	No
 Use of resources to improve outcomes	55	No	No	No

Commentary on Wider Scope

Financial management

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.



Financial management (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
Financial management culture	<p>The Council has a Code of Corporate Governance prepared to align with the core principles of CIPFA/SOLACE's Delivery Good Governance in Local Government framework.</p> <p>Key features of the Council's system of internal control include:</p> <ul style="list-style-type: none"> • The administrative scheme which provides a statement of roles and responsibilities • A scheme of delegation for committees and officers • Financial regulations and standing orders • Codes of conduct for employees and members • A training programme for new and returning councillors • A risk management policy and strategy with corporate and service risk registers • A review of the governance framework, including the system of internal control, which the Council carries out at least annually 	<p>The Council has an appropriate financial management culture in place. It reviews its governance framework, including the system of internal control, at least annually.</p>	<p>No significant issues identified.</p>

Financial management (continued)

Our overall assessment (continued)

Area assessed	Our findings	Our judgements	Risks identified
Accountability	<p>In 2022/23, the Council recorded a deficit of £12.4 million. Use of service concessionary fund money of £32.2 million and reserve movements of £4.7 million, resulted in a net surplus for the year of £15.1 million.</p> <p>During 2022/23, the Scottish Government issued Finance Circular 10/2022, permitting councils to apply flexibility for service concession arrangements entered into prior to April 2022. The Council applied this, resulting in repayment of the liability being reprofiled over the asset life, therefore extending the repayment period. This resulted in the General Fund balance increasing by £32.2 million to £46.8 million.</p> <p>The Council approved application of the service concession flexibility in February 2023. Finance Circular 10/2022 requires that reporting to Council is explicit that this change is prudent, sustainable and affordable over the life of the asset. Minutes confirm that the Chief Finance Officer made assurances that “the proposed change was prudent, sustainable and affordable over the life of the assets”.</p> <p>The Council’s general fund reserves at 31 March 2023 were £46.8 million. The Council has a policy of holding a minimum unallocated general fund balance of 2% of the Council’s net expenditure (£6.5 million). At 31 March 2023 it had £12.9 million of free reserves.</p>	Officers report financial performance to the Policy and Resources Committee on a regular basis. The Council has significantly increased its general fund reserves through application of the service concession flexibility.	No significant issues identified.

Financial management (continued)

Our overall assessment (continued)

Area assessed	Our findings	Our judgements	Risks identified
Accountability (continued)	<p>The Council reported an underspend of £13.0 million against its £100.3 million general services and housing capital budget for 2022/23. The Policy and Resources Committee monitors the general services capital programme on a regular basis.</p> <p>Officers presented regular general fund revenue monitoring reports to the Policy and Resources Committee through the year. These include explanations for significant budget variances and provide updates on the progress of agreed savings.</p> <p>The Council agreed its 2023/24 budget in February 2023. The budget included agreed savings of £4.7 million and use of reserves of £15.2 million as the main measures to meet a funding gap of £24.9 million.</p>		

Financial management (continued)

Our overall assessment (continued)

Area assessed	Our findings	Our judgements	Risks identified
<p>Arrangements to prevent and detect fraud, error and other irregularities, bribery and corruption</p>	<p>The Council has established arrangements for preventing and detecting fraud and corruption. These include:</p> <ul style="list-style-type: none"> • Whistleblowing policy • Corporate fraud and corruption policy • Codes of conduct for employees and members <p>The Council has a dedicated fraud team. Individuals can report concerns online, by email, post, via the whistleblowing line and directly by phone to the fraud team.</p>	<p>The Council has appropriate arrangements to prevent and detect fraud and corruption.</p>	<p>No significant issues identified.</p>

Commentary on Wider Scope

Financial sustainability

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.



Financial sustainability (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
Financial planning	<p>Officers presented the Council’s medium term financial plan to Council in November 2022. The plan considered the financial climate the Council is operating in and seeks to quantify its impact on the Council’s income and expenditure. It also makes several core assumptions on pay, inflation and demographics.</p> <p>The medium term financial plan includes a financial model to develop expectations of funding gaps based on different scenarios. It sets out the assumptions underpinning best, mid and worst-case scenarios. The Council uses the model to project its financial gaps over a five-year timeline under each of these scenarios.</p> <p>The medium term financial plan projects a funding gap of £20 million to £21 million in 2023/24, rising to over £30m in 2027/28 under the medium case scenario. Officers presented an updated plan to the December 2023 Council meeting.</p> <p>The Council also has a long term financial plan, which was updated in October 2023. This is presented in a risk register format and describes the financial risks the Council faces and mitigating controls and actions.</p>	<p>The Council should ensure its financial plans demonstrate how it will address its financial challenges and allocate resources to deliver its priorities.</p>	<p>No significant issues identified.</p>

Commentary on Wider Scope

Vision, leadership and governance

Vision, Leadership and Governance is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.



Vision, leadership and governance (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
Clarity of plans to implement the vision	<p>The Council agreed a new approach to strategic planning and performance in June 2022. The Council's Strategic Planning and Performance Framework (SPPF), "East Dunbartonshire Forward in Partnership", supports delivery of the Council's priorities and outcomes, decision-making and prioritisation of services and resources.</p> <p>The Council's priorities for 2022 to 2027 are categorised under the themes of:</p> <ul style="list-style-type: none"> • Health and wellbeing • Access to services • Finance and employment • Community and environment. <p>The SPPF sets a clear vision for the five-year period. This focuses on working with residents, communities and businesses to deliver the best possible services and targeting resources to those most in need.</p>	The Council has a clear vision for the five-year period covered by its Strategic Planning and Performance Framework.	No significant issues identified.
Strategy and priorities	The Council agreed more detailed priorities under each of the SPPF themes. These set out the actions it will take and the outcomes it is seeking to achieve. The Council's priorities are specific actions. Performance reporting and targets are linked to the priorities.	The SPPF includes specific actions for the Council, with performance reporting and targets linked to these priorities.	No significant issues identified.

Vision, leadership and governance (continued)

Our overall assessment (continued)

Area assessed	Our findings	Our judgements	Risks identified
Governance arrangements	<p>The Council's governance arrangements are centred on Council meetings, service committees and the Audit and Risk Management Committee. The Audit and Risk Management Committee is chaired by a member of the opposition in line with accepted good practice.</p> <p>Council and Audit and Risk Management Committee meetings are well attended by councillors and papers are subject to a reasonable level of scrutiny and challenge. Council and Audit and Risk Management Committee meetings can be attended in person or remotely.</p> <p>Council and committee meeting papers and minutes are available on the Council's website and meetings are open to the public.</p>	The Council has appropriate governance arrangements in place.	No significant issues identified.

Vision, leadership and governance (continued)

Our overall assessment (continued)

Area assessed	Our findings	Our judgements	Risks identified
Financial and performance information	<p>Officers presented regular general fund revenue monitoring reports to the Policy and Resources Committee through the year. These include explanations for significant budget variances and provide updates on the progress of agreed savings.</p> <p>The Council reports progress against its service level Business Improvement Plans (BIPs) using the How Good is Our Service (HGIOS) self-evaluation model. Monthly reports are published on the Council's website. These cover:</p> <ul style="list-style-type: none"> • Key achievements • Areas of focus • Performance data. <p>Six-monthly performance against HGIOS is also reported to strategic service committees.</p> <p>There is also regular reporting to elected members in the form of elected member technical notes.</p>	<p>The Council provides councillors with sufficient information to allow effective scrutiny of its finances. The Council publishes regular progress reports against BIPs and officers present six-monthly updates to strategic service committees.</p>	<p>No significant issues identified.</p>

Commentary on Wider Scope

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. This includes demonstrating economy, efficiency, and effectiveness through the use of financial and other resources and reporting performance against outcomes.



Use of resources to improve outcomes

Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
<p>Resources deployed to improve strategic outcomes</p>	<p>The Council has developed an updated workforce strategy to reflect the future shape of the organisation and how it will deliver services under a locality-based model. The next stage is to develop service workforce plans.</p> <p>It has identified skills and capacity gaps across services and is looking at different ways of attracting talent, for example through social media, local recruitment events, extending its early careers programme, and its Grad+ and Graduate Accountant schemes.</p> <p>The Council is developing a new digital strategy, due to be finalised in March 2024, which will be aligned to the Scottish Government's digital strategy <i>A changing nation: how Scotland will thrive in a digital world</i>.</p> <p>The Council's 2023/24 budget paper provides context on the challenges the Council and its communities are facing. It sets out the Council's approach to delivering its priorities.</p> <p>There is evidence of budget decisions that support the Council's priorities. For example, the cost of living support programme. This aims to provide support to local communities and reach as many of the most vulnerable and those facing financial hardship as possible.</p>	<p>The Council is refreshing its financial, workforce, asset and digital strategies and plans. This is a significant programme of work and successfully implementing the new plans will be challenging.</p>	<p>No significant issues identified.</p>

Use of resources to improve outcomes (continued)

Our overall assessment (continued)

Area assessed	Our findings	Our judgements	Risks identified
Needs of service users being met	<p>Each Council service has a Business Improvement Plan (BIP), which is based on the Council's priorities. These set out the strategic priorities for the service and how they align with the priorities of the Local Outcomes Improvement Plan and SPPF. The BIPs include improvement plans with key improvement actions for the year ahead.</p> <p>The Council has dedicated an area of its website to public performance reporting. This includes links to the BIPs and Local Government Benchmarking Framework data.</p> <p>The Council has a Consultation and Engagement Strategy. This sets a framework to ensure consultation and engagement activity is effective, efficient, and fair. The Council's communications and engagement team provides guidance and support on consultation and engagement activity.</p> <p>The Council has consulted with its people and communities on local service design and delivery through:</p> <ul style="list-style-type: none"> • public consultations • surveys • telephone • activity-based events • street survey and pop-up stations. 	<p>The Council, through its BIPs, has identified how services will contribute to achievement of its strategic priorities. The Council consults effectively with communities.</p>	<p>No significant issues identified.</p>

Use of resources to improve outcomes (continued)

Our overall assessment (continued)

Area assessed	Our findings	Our judgements	Risks identified
<p>Arrangements to deliver continuous improvements in priority services</p>	<p>The Council's priorities are linked to performance reporting and targets. The Council measures performance through its annual performance report. There is more regular reporting to elected members in the form of elected member technical notes, which are available on the Council's website.</p> <p>Case studies are published on the Council's website highlighting the impact of the Council's performance on service areas.</p> <p>The Council has developed revised operating models introducing locality-based service delivery. The approach seeks to deploy services within localities identified across the Council's communities. The Council recognises that some services do not lend themselves to this approach. These services will continue to be delivered centrally.</p> <p>The Council knows it needs to direct resources to the areas of greatest need and prioritise early intervention. This will inform how it implements the locality-based model.</p> <p>The Council has started to deliver some services using this model. This includes the Streetscene and Greenspace teams, community planning and housing.</p>	<p>The Council has suitable arrangements in place to measure improvement. It has developed revised operating models introducing locality-based service delivery. The Council aims to use this approach to ensure it directs resources to the areas of greatest need.</p>	<p>No significant issues identified.</p>

08

Best Value

Best Value

Best Value summary

Under the Code of Audit Practice, the audit of Best Value is fully integrated within our annual audit work. We are required to assess the seven Best Value themes at the Council over the period of the audit appointment. We have used a risk-based approach that is proportionate to the size and type of the body, to assess whether the Council has made proper arrangements for securing Best Value and is complying with its community planning duties. We have also followed up on previously reported Best Value findings which has assessed the pace and depth of improvement implemented by the Council.

We will also conduct thematic reviews as directed by the Accounts Commission. In 2022/23 this will be on the effectiveness of council leadership in developing new strategic priorities following the elections in May 2022. We have prepared a separate management report to document the findings of this work which can be found on Audit Scotland's website.

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 included in the first year of the programme which runs from October 2023 to August 2024.

At the planning stage of the audit, we undertook work to understand the arrangements that the Council has in place under each of the reporting criteria and we considered whether there were any risks to our audit in those arrangements. We have kept our understanding of arrangements under review and updated our risk assessment throughout the audit to reflect emerging issues that may suggest significant risks in arrangements exist. The following slides outline the work that we have undertaken for each of the seven Best Value themes and any improvements or risks in arrangements that have been identified as part of our assessment. We have reported recommendations for the risks identified.

Best Value (continued)

Overall summary by reporting criteria

From the satisfactory conclusion of our audit work, we have the following conclusions:

Reporting criteria	Commentary page reference	Identified risks?	Actual risks identified?	Other recommendations made?
 Best Value	62	No	Yes	Yes – see commentary on page 68
 Thematic reviews	69	No	Yes	Yes – see commentary on page 71
 Climate change	73	No	No	No
 Statutory Performance Indicators	74	No	Yes	No
 Service Performance	76	No	No	No

Best Value (continued)

Our overall assessment of the Best Value themes

Best Value theme	Our findings	Our judgements	Service improvement considerations	Risks identified
Vision and leadership	<p>Our 2022/23 Best Value thematic review considered:</p> <ul style="list-style-type: none"> • How clear is the new Council vision and its priorities? • Overall, how effective has the leadership been (political and officer) in setting clear priorities and a sustainable approach to delivering them? 	<p>The Council has a clear vision for the five-year period covered by its Strategic Planning and Performance Framework. This focuses on working with residents, communities and businesses to deliver the best possible services and target resources to those most in need.</p> <p>Officers and elected members worked effectively to agree the Council's refreshed priorities shortly after the May 2022 Council elections.</p>	None identified.	No significant issues identified.
Governance and accountability	<p>Our 2022/23 wider scope work considered:</p> <ul style="list-style-type: none"> • Whether the Council can demonstrate that its governance arrangements are appropriate and operating effectively? • Is there evidence of effective scrutiny, challenge and transparency on decision making at governance committees? <p>See page 56.</p>	<p>The Council has appropriate governance arrangements in place. Council and Audit and Risk Management Committee meetings are well attended by councillors and papers are subject to a reasonable level of scrutiny and challenge.</p>	None identified.	No significant issues identified.

Best Value (continued)

Our overall assessment of the Best Value themes (continued)

Best Value theme	Our findings	Our judgements	Service improvement considerations	Risks identified
Effective use of resources	<p>Our 2022/23 Best Value thematic review considered:</p> <ul style="list-style-type: none"> How good are the delivery plans and is there alignment of financial, workforce, asset and digital plans with the Council's priorities? 	<p>Each service has a Business Improvement Plan. These set out the strategic priorities for the service and how they align with the Council's priorities and the Local Outcomes Improvement Plan. The Council is refreshing its financial, workforce, asset and digital strategies and plans. This is a significant programme of work and successfully implementing the new plans will be challenging.</p>	None identified.	Yes, see commentary of page 68.
Partnerships and collaborative working	We did not assess this theme in 2022/23.	N/A	N/A	N/A
Working with communities	<p>Our 2022/23 Best Value thematic review considered:</p> <ul style="list-style-type: none"> How effectively have the views of citizens and communities been reflected in the priorities and decisions taken by the Council? 	<p>The Council's priorities include actions requiring it to work effectively with citizens and communities. The Council consulted effectively with communities on the locality plans and through the annual budget consultation.</p>	None identified.	No significant issues identified.

Best Value (continued)

Our overall assessment of the Best Value themes (continued)

Best Value theme	Our findings	Our judgements	Service improvement considerations	Risks identified
Sustainability	We did not assess this theme in 2022/23.	N/A	N/A	N/A
Fairness and equality	<p>Our 2022/23 Best Value thematic review considered:</p> <ul style="list-style-type: none"> How effectively do the Council priorities reflect the need to reduce inequalities? 	<p>The Council's priorities and the locality plans focus on reducing inequalities and ensuring the Council distributes its resources fairly and equitably.</p> <p>The Council carries out equality impact assessments as part of its policy development toolkit. This incorporates the Fairer Scotland duty and recognises requirements for the Council to review its processes and raise awareness and training to undertake such assessments.</p> <p>Council papers include a section on equalities implications. This sets out the Council's commitments to comply with Equality and Human Rights Commission guidance on "Making Fair Financial Decisions" and confirms whether the proposed decisions support that objective.</p>	None identified.	No significant issues identified.

Best Value (continued)

Follow up of previously-reported recommendations

We are required to follow up Accounts Commission findings, Controller of Audit recommendations and any outstanding improvement actions reported in Best Value Assurance Reports and Annual Audit Reports.

In September 2021 Audit Scotland reported 4 recommendations to the Council to address risks identified from our Best Value audit. As part of our work in 2022/23, we followed up the progress made by the Council/Authority against the recommendations made, and determined whether the risk remained during the year.

	Best Value finding as reported by previous auditor	Management response and implementation timeframe	Work undertaken and judgements made in 2022/23	Conclusions reached
1	<p>Local Government Benchmarking Framework (LGBF) reports to elected members</p> <p>The LGBF reports to elected members should include a link to Business and Improvement Plans for those indicators where performance is identified for improvement.</p>	<p>Management Response: (November 2021):</p> <p>The Council's performance improvement actions plan sets out future planned activity in relation to the Business Improvement Planning. Guidance is currently being prepared for with improvements being implemented for the financial year 2022/23 onwards.</p> <p>The revised format will ensure that any priority indicators identified in the LGBF are assigned Improvement actions and targets in the BIPS as appropriate.</p> <p>Implementation timescale: 31 March 2022</p>	<p>Progress against the recommendation</p> <p>Each Council service has a Business Improvement Plan (BIP), which is based on the Council's refreshed priorities. The BIPs set out the strategic priorities for the service and how they align with the core priorities and related objectives of the Local Outcomes Improvement Plan (LOIP) and the Council's strategic planning and performance framework.</p> <p>The BIPs include improvement plans. These set out the key improvement actions for the service for 2023/24. Each action is linked to a LOIP outcome or the Council's priorities.</p> <p>The Council has dedicated an area of its website to public performance reporting, East Dunbartonshire Performs. This includes links to the BIPs and the Local Government Benchmarking Framework data.</p>	<p>Conclusions</p> <p>Complete</p>

Best Value (continued)

Follow up of previously-reported recommendations (continued)

	Best Value finding as reported by previous auditor	Management response and implementation timeframe	Work undertaken and judgements made in 2022/23	Conclusions reached
2	<p>Financial plan Officers are planning to update the medium-term financial plan to reflect the impact of Covid-19. Once this is completed, the Council should consider developing a long-term financial plan which includes forecasts of its financial position in the years ahead.</p>	<p>Management Response: (November 2021):</p> <p>The Council will review the outcomes of the updated financial planning exercise with extended timelines and an assessment of the financial gap over 5 rather than the existing 3 years. The Council's existing long term plan will be reviewed thereafter.</p> <p>Implementation timescale: June 2022</p>	<p>Progress against the recommendation Officers presented the Council's medium term financial plan to Council in November 2022. This includes a financial model to forecast funding gaps based on different scenarios. The Council uses the model to project its financial gaps over a five-year period. Officers presented an updated medium term financial plan to Council in December 2023.</p> <p>The council also has a long term financial plan, which was last updated in October 2023. This is presented in the form of a risk register and describes the financial risks the Council faces and mitigating controls and actions.</p>	<p>Conclusions Complete</p>

Best Value (continued)

Follow up of previously-reported recommendations (continued)

	Best Value finding as reported by previous auditor	Management response and implementation timeframe	Work undertaken and judgements made in 2022/23	Conclusions reached
3	<p>Corporate risk register The corporate risk register should be updated to reflect the Council's risks in the Covid-19 recovery phase. Regular review of the corporate risk register by elected members should be introduced.</p>	<p>Management Response: (November 2021):</p> <p>Work to update the corporate risk register in collaboration with the Senior Management Team will be a priority in Quarter 3 of 2021/22 with a view to having the corporate risk register formally submitted to Council for consideration by the end of January 2022.</p> <p>Implementation timescale: 31 January 2022</p>	<p>Progress against the recommendation The updated corporate risk register was agreed by Council in November 2022. The Council's Corporate Risk Management Strategy sets out the process for corporate risk reporting and progress reporting. This includes an annual status report being submitted to a Council meeting each year.</p>	<p>Conclusions Complete</p>

Best Value (continued)

Follow up of previously-reported recommendations (continued)

	Best Value finding as reported by previous auditor	Management response and implementation timeframe	Work undertaken and judgements made in 2022/23	Conclusions reached
4	<p>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 progress against the outcome performance indicators.</p>	<p>Management Response: (November 2021):</p> <p>A comprehensive review of the Place / Locality Plans has commenced. In addition, and in order to support this review the Council is currently undertaking the 'Your Voice Matters' budget consultation and engagement which will support identifying public and community priorities. The plans thereafter include to review the LOIP through a Covid lens and ensure priorities are relevant and updated as required. This should all support the commitment to incorporate the improvements highlighted, and to incorporate performance progress against the indicators.</p> <p>Implementation timescale: Autumn 2022</p>	<p>Progress against the recommendation The four locality plans for Auchinairn, Hillhead and Harestanes, Lennoxton and Twechar were approved by the Council in September 2023.</p> <p>The Council did not produce an annual report this year because it is reviewing partnership working arrangements, including implementation of outcome focused performance indicators.</p> <p>The CPP is in the process of refreshing the LOIP.</p>	<p>Conclusions Ongoing</p> <p>The Council is reviewing partnership working arrangements as it implements the new locality plans.</p>

Best Value (continued)

Thematic reviews

The Accounts Commission reports nationally on thematic aspects of local government bodies' approaches to, and performance in, meeting their Best Value and community planning duties. As appointed auditors of the Council we are required to report on Best Value and related thematic work as prescribed by the Accounts Commission. For the thematic work in 2022/23, we are required to carry out an overview of the effectiveness of the Council's leadership (officers and elected members) in developing new local strategic priorities following the elections in May 2022. As part of this review, we are required to report on the areas documented in the table below. The full thematic review report for the Council can be found on Audit Scotland's website.

Thematic themes	Our findings	Our judgements	Risks identified
Council vision and priorities	<p>The Council agreed a new approach to strategic planning and performance in June 2022. This included strategic priorities to support the council, its citizens and businesses recover and renew after the Covid-19 pandemic. The council agreed a continued commitment to the vision for East Dunbartonshire of "Working together to achieve the best with the people of East Dunbartonshire".</p> <p>The Council used the themes from consultation on the East Dunbartonshire locality plans and from a budget consultation with the whole community to inform its priorities. Officers also held engagement sessions with the administration and the Leader and Deputy Leader following the Council elections.</p> <p>The Council's priorities are specific actions. Performance reporting and targets are linked to the priorities.</p>	The Council has a clear vision for the five-year period covered by its Strategic Planning and Performance Framework. This focuses on working with residents, communities, and businesses to deliver the best possible services and target resources to those most in need.	No significant issues identified.

Best Value (continued)

Thematic reviews (continued)

Thematic themes	Our findings	Our judgements	Risks identified
Citizen and community engagement	<p>The Council has a Consultation and Engagement Strategy covering 2021 to 2024. This sets a framework to ensure consultation and engagement activity is effective, efficient, and fair.</p> <p>The Council has a Community Grants Scheme to encourage and support community-led activities that result in a community benefit for East Dunbartonshire residents.</p> <p>The Council is considering how it can support more local participation in decision making and is finding more flexible ways to involve communities in decision making.</p>	<p>The Council's priorities include actions requiring it to work effectively with citizens and communities. The locality plans set a clear leadership role for residents and the Community Planning Partnership in addressing community needs and bringing positive change.</p>	<p>No significant issues identified.</p>
Reducing inequalities and tackling climate change	<p>The Council's priorities and the locality plans focus on reducing inequalities and ensuring the Council distributes its resources fairly and equitably. The Council has identified the CPP and other partners it will work with to deliver these actions.</p> <p>The Council's community and environment priority theme has a specific priority focused on tackling climate change. This commits the Council to making measures to tackle the climate emergency central to its policy making processes and corporate objectives.</p>	<p>The Council's priorities and the locality plans focus on reducing inequalities and ensuring the Council distributes its resources fairly and equitably. The Council has made tackling climate change a priority. It is developing a climate action plan setting out how it will support the Scottish Government's climate change targets.</p>	<p>No significant issues identified.</p>

Best Value (continued)

Thematic reviews (continued)

Thematic themes	Our findings	Our judgements	Risks identified
<p>Alignment of delivery plans</p>	<p>Each Council service has a Business Improvement Plan (BIP), which is based on the Council’s priorities. These set out the strategic priorities for the service and how they align with the priorities and objectives of the LOIP and SPPF. The BIPs include improvement plans with key improvement actions for the year ahead.</p> <p>The Council has developed an updated workforce strategy to reflect the future shape of the organisation and how it will deliver services under the locality-based model. This will be presented to the December 2023 Council meeting. Officers will then develop service workforce plans.</p> <p>The Council is developing a new digital strategy which will be aligned to the Scottish Government’s digital strategy <i>A changing nation: how Scotland will thrive in a digital world</i>. The Council’s strategy is due to be finalised in March 2024.</p>	<p>Each service has a Business Improvement Plan. These set out the strategic priorities for the service and how they align with the Council’s priorities and the Local Outcomes Improvement Plan. The Council is refreshing its financial, workforce, asset and digital strategies and plans. This is a significant programme of work and successfully implementing the new plans will be challenging.</p>	<p>Delivery plans (Level 2) The Council is refreshing and agreeing several key strategies and plans over the next few months.</p> <p>Risk – The Council does not have the capacity to implement plans and ensure resources are aligned to deliver its priorities</p> <p>Recommendation – The Council should ensure it has the capacity to implement its financial, workforce, asset and digital plans effectively.</p> <p>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.</p> <p>Responsible officer – Chief Executive</p> <p>Implementation date – March 2024</p>

Best Value (continued)

Thematic reviews (continued)

Thematic themes	Our findings	Our judgements	Risks identified
Leadership	<p>Officers and administration elected members worked effectively to agree the Council's refreshed priorities shortly after the May 2022 Council elections. The administration also worked with other councillors to gain consensus on the priorities. These were unanimously supported by elected members.</p> <p>Officers engage with the administration in advance of Council and service committee meetings and major policy initiatives. There is also engagement and joint working between officers and elected members in groups such as the Housing Health and Care Forum and Local Development Plan Working Group.</p> <p>All major Council decisions are linked to its priorities. This means that, in agreeing these, elected members are demonstrating a commitment to the Council's priorities.</p>	Officers and elected members worked effectively to agree the Council's refreshed priorities shortly after the May 2022 Council elections.	No significant issues identified.

Best Value (continued)

Climate change

In October 2021, the Scottish Government issued 'Public Sector Leadership on the Global Climate Emergency' guidance. This recommended that public bodies should consider climate risk and adaptation; reporting to external frameworks; and climate change performed linked to their objectives to ensure clear accountability on performance.

In September 2022, Audit Scotland issued 'Scotland's councils' approach to addressing climate change' guidance which highlighted the critical role that Councils have in meeting Net Zero targets by 2045. Councils should consider their plans to make sure they are adequate, there is transparency in what is included in targets, ensure actions are clear, and that detail is included about how the Council will deal with residual emissions. They should also be more transparent about any gaps between the level of impact their planned actions will have and the scale of the challenge. The guidance also highlights the importance of collaboration across councils, key partners and local communities.

The Auditor General and Accounts Commission are developing a programme of work on climate change. This involves a blend of climate change-specific outputs that focus on key issues and challenges as well as moving towards integrating climate change considerations into all aspects of audit work.

Our commentary of the Council's climate change arrangements

The Council has produced a Sustainability and Climate Change Framework (SCCF) to set a strategic approach to delivering environmental, social and other benefits in a joined-up way. The Council agreed the following commitments in 2019 to guide future work related to the SCCF:

- The Council will set a date by which it will reach net-zero emissions, including interim annual targets
- The Council will report on how its spending plans and procurement activities align with its agreed emissions targets
- The Council will report annually on progress towards achieving net-zero emissions.

The Council is developing its Climate Action Plan (CAP). The CAP will take forward these three headline commitments to help the Council progress towards achieving net zero emissions.

The Council publishes two reports, a Public Bodies Climate Change Duties report required by the Scottish Government and a voluntary report which expands on the corporate emissions part of the required report. The Council has set two carbon reduction targets; a 59% reduction against the original 2012/13 baseline and a new target of 27% reduction against a 2019/20 baseline. Reporting against this new baseline will form part of the Council's transition towards a fuller emissions accounting process when the CAP is published.

The Council has not quantified the impact of climate change on the financial statements. Officers expect that the costs associated with transition to net carbon zero will have a significant impact on the delivery of the capital programme.

Best Value (continued)

Statutory Performance Indicators

We are required to report on the Council's effectiveness and appropriateness of arrangements in place for complying with the Direction issued in December 2021, including the balance and timeliness of reporting to members along with its accessibility for citizens and communities.

The table below details our overall assessment of the Council's statutory performance indicators arrangements:

Council's arrangements	Our findings	Our judgements	Risks identified
<p>Statutory Performance Indicator 1: Improving local services and local outcomes</p>	<p>Statutory Performance Indicator (SPI) 1 requires a council to report its performance in improving local public services and progress against agreed desired outcomes</p> <p>The Council's website includes a section with information to help the public measure its performance. This includes:</p> <ul style="list-style-type: none"> • Local Outcomes Improvement Plan 2017-2027 • The Council's strategic plan, East Dunbartonshire Forward in Partnership • Service level Business Improvement Plan (BIPs) • Performance indicators • How Good is Our Service (HGIOS) performance reporting • Links to the Local Government Benchmarking Framework • Performance case studies • Customer Service Annual Report 2022/23 • Communities and Engagement Annual Overview • Complaints Handling – Annual Report 2022/23. <p>Six-monthly performance against HGIOS is reported to strategic service committees. There is also regular reporting to elected members in the form of elected member technical notes, which are published on the Council's website.</p>	<p>The Council has appropriate arrangements in place for complying with SPI 1.</p>	<p>No significant issues identified.</p>

Best Value (continued)

Statutory Performance Indicators (continued)

Council's arrangements	Our findings	Our judgements	Risks identified
<p>Statutory Performance Indicator 2: Demonstrating Best Value</p>	<p>SPI 2 requires a council to report its own assessment and audit, scrutiny and inspection body assessments of how it is performing against its duty of Best Value, and how it has responded to these assessments.</p> <p>The Council reports progress against its service level BIPs through the HGIOS monthly performance reports, which are published on its website. These reports are the main means by which the Council reports against its priorities and by extension its duty of Best Value.</p> <p>The HGIOS reports give an overview of key performance indicators and provide details of key achievements and areas of focus. The reports also include a summary of recent inspection body assessments findings, for example Education Scotland inspection reports.</p> <p>The Council publishes links to inspection body reports on its website.</p>	<p>The Council has appropriate arrangements in place for complying with SPI 2.</p>	<p>No significant issues identified.</p>

Best Value (continued)

Service Performance

We are required to provide a summary of the information each Council reports publicly on its service performance. The table below details the Council's publicly available information on its service performance:

Council's performance information	Details of information	Location of information
Performance indicators	The Council uses a suite of just over 100 performance indicators to measure performance against its agreed priorities. It reports against its performance indicators on a quarterly basis.	East Dunbartonshire Performance East Dunbartonshire Council
How Good is Our Service? Performance reporting	Monthly reports on the progress made against service level Business Improvement Plans.	East Dunbartonshire Performance East Dunbartonshire Council
Focus on Performance: Case studies	Case studies on service areas highlighting the impact of the Council's performance on service users.	East Dunbartonshire Performance East Dunbartonshire Council

Appendices

A: Draft management representation letter

B: Draft audit report

C: Confirmation of our independence

D: Other communications

E: Wider scope and Best Value ratings

Appendix A: Draft management representation letter – East Dunbartonshire Council

Tom Reid
Forvis Mazars
100 Queen Street
Glasgow
G1 3DN

[Date]

Dear Tom

East Dunbartonshire Council - Audit for the Year Ended 31 March 2023

This representation letter is provided in connection with your audit of the financial statements of East Dunbartonshire Council (the Council) and its group for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the Part VII of the Local Government (Scotland) Act 1973 and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the 2022/23 Code).

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Part VII of the Local Government (Scotland) Act 1973 and UK adopted international accounting standards, as interpreted, and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the 2022/23 Code).

My responsibility to provide and disclose relevant information

I have provided you with:

- Access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation, and other material;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Chief Finance Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Appendix A: Draft management representation letter – East Dunbartonshire Council

Accounting records

I confirm that all transactions undertaken by the Council have been properly recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all management and Board meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance, and cash flows.

Accounting estimates, including those measured at fair value

I confirm that the methods, significant assumptions, and the data used by the Council in making the accounting estimates, including those measured at fair value are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired, or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Part VII of the Local Government (Scotland) Act 1973 and UK adopted international accounting standards, as interpreted, and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the 2022/23 Code).

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

We have complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Appendix A: Draft management representation letter – East Dunbartonshire Council

Fraud and error

I acknowledge my responsibility as Chief Finance Officer for the design, implementation, and maintenance of internal control to prevent and detect fraud and error. I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators, or others.

Related party transactions

I confirm that all related party relationships, transactions, and balances, have been appropriately accounted for and disclosed in accordance with the Part VII of the Local Government (Scotland) Act 1973 and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the 2022/23 Code).

I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the statement of financial position date. An impairment review is therefore not considered necessary.

Charges on assets

All the Authority's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Reinforced Autoclaved Aerated Concrete

I confirm the Council has assessed the potential impact of Reinforced Autoclaved Aerated Concrete on the Council, and in particular whether there are indications of a need for an impairment of the Council's property, plant and equipment balances. I confirm there are no such indications of impairment in those assets

Appendix A: Draft management representation letter – East Dunbartonshire Council

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Valuation of land, buildings and dwellings

I confirm that I am satisfied that the key assumptions feeding into the assessment of the assets are appropriate based on my review.

Right of Use assets and lease liabilities

I confirm that I have satisfied myself that the key judgments and assumptions made in valuing Right of Use assets and corresponding lease liabilities are reasonable and in accordance with IFRS 16. I am satisfied that assumptions around lease terms of implicit leases are reasonable.

Ultimate parent company

I confirm that the ultimate parent company for East Dunbartonshire Council and its Group is the Scottish Government.

Other Matters

I confirm in relation to the following matters that:

- COVID-19 – I have assessed the continued impact of the COVID-19 Virus pandemic on the Council and the financial statements and those of the Group, including the impact of mitigation measures and uncertainties, and am satisfied that the financial statements and supporting notes fairly reflect that assessment.
- Ukraine – I confirm that I have carried out an assessment of the potential impact of the continued conflict in Ukraine on the Council and its Group and there is no significant impact on the Council's operations from restrictions or sanctions in place.
- I confirm that I have assessed the impact on the Council of the on-going Global Banking challenges, in particular whether there is any impact on the Council and its Group's ability to continue as a going concern, and on the post balance sheet events disclosures.

Going concern

To the best of my knowledge there is nothing to indicate that the Council and its Group will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Performance related allocations

I confirm that I am not aware of any reason why the Council's funding allocation limits would be changed.

Appendix A: Draft management representation letter – East Dunbartonshire Council

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Part VII of the Local Government (Scotland) Act 1973 and UK adopted international accounting standards, as interpreted, and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the 2022/23 Code), require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Annual Governance Statement

I am satisfied that the Annual Governance Statement fairly reflects the Council and its Group's risk assurance and governance framework, and I confirm that I am not aware of any significant risks that are not disclosed within the Annual Governance Statement.

Annual Report

The disclosures within the Annual Report and the Remuneration Report fairly reflect my understanding of the Council and its Group's financial and operating performance over the period covered by the financial statements.

Unadjusted misstatements

I confirm that the effects of the unadjusted misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix 1.

Yours faithfully

Jamie Robertson

Chief Finance Officer

Appendix A: Draft management representation letter – Talbot Crosbie Bequest and East Dunbartonshire Charitable Trusts

Tom Reid
Forvis Mazars
100 Queen Street
Glasgow
G1 3DN

[Date]

Dear Tom

Talbot Crosbie Bequest and East Dunbartonshire Council Charitable Trusts - Audit for the Year Ended 31 March 2023

This representation letter is provided in connection with your audit of the financial statements of the Talbot Crosbie Bequest and East Dunbartonshire Council Charitable Trusts for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

We confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

We believe that we have fulfilled our responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

My responsibility to provide and disclose relevant information

We have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Talbot Crosbie Bequest and East Dunbartonshire Council Charitable Trusts you determined it was necessary to contact in order to obtain audit evidence.

We confirm as Trustees that we have taken all the necessary steps to make us aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as we are aware there is no relevant audit information of which you, as auditors, are unaware.

Appendix A: Draft management representation letter – Talbot Crosbie Bequest and East Dunbartonshire Charitable Trusts

Accounting records

We confirm that all transactions undertaken by the Talbot Crosbie Bequest and East Dunbartonshire Council Charitable Trusts have been properly recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all management and Board meetings, have been made available to you.

Accounting policies

We confirm that we have reviewed the accounting policies applied during the year in accordance with Section 10 of Financial Reporting Standard 102 and consider these policies appropriate to faithfully represent the effects of transactions, other events or conditions on the charitable trusts' financial position and financial performance.

Accounting estimates

We confirm that the methods, significant assumptions and the data used by the Talbot Crosbie Bequest and East Dunbartonshire Council Charitable Trusts in making the accounting estimates are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired, or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Talbot Crosbie Bequest and East Dunbartonshire Council Charitable Trusts have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

Laws and regulations

We confirm that we have disclosed to you all those events of which we are aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

We have complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Appendix A: Draft management representation letter – Talbot Crosbie Bequest and East Dunbartonshire Charitable Trusts

Fraud and error

We acknowledge our responsibility as Trustees for the design, implementation and maintenance of internal control to prevent and detect fraud and error. We have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Talbot Crosbie Bequest and East Dunbartonshire Council Charitable Trusts involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

We have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Talbot Crosbie Bequest and East Dunbartonshire Council Charitable Trusts' financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

We confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

We have disclosed to you the identity of the Talbot Crosbie Bequest and East Dunbartonshire Council Charitable Trusts' related parties and all related party relationships and transactions of which we are aware.

Transactions with trustees

We confirm that the charitable trusts has at no time during the year entered into any arrangement, transaction or agreement to provide credit facilities including loans, quasi-loans, credit transactions, mutually beneficial arrangements, or guarantees or security for the foregoing or assumed or assigned any such rights or liabilities for any trustees or their connected persons, except as permitted by the Companies Act 2006 and as disclosed in the financial statements.

No trustee or their connected persons had a direct or indirect material interest in any other transaction or arrangement with the charitable trusts other than those disclosed in accordance with section 413 of the Companies Act 2006 or exempted from disclosure by the Act.

Future commitments

We are not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Appendix A: Draft management representation letter – Talbot Crosbie Bequest and East Dunbartonshire Charitable Trusts

Other Matters

We confirm in relation to the following matters that:

- COVID-19 – We have assessed the continued impact of the COVID-19 Virus pandemic on the Talbot Crosbie Bequest and East Dunbartonshire Council Charitable Trusts and the financial statements, including the impact of mitigation measures and uncertainties, and are satisfied that the financial statements and supporting notes fairly reflect that assessment.
- Ukraine – We confirm that we have carried out an assessment of the potential impact of the continued conflict in Ukraine on the Talbot Crosbie Bequest and East Dunbartonshire Council Charitable Trusts and there is no significant impact on the Talbot Crosbie Bequest and East Dunbartonshire Council Charitable Trusts’ operations from restrictions or sanctions in place.
- We confirm that we have assessed the impact on the Talbot Crosbie Bequest and East Dunbartonshire Council Charitable Trusts of the on-going Global Banking challenges, in particular whether there is any impact on the Talbot Crosbie Bequest and East Dunbartonshire Council Charitable Trusts’ ability to continue as a going concern, and on the post balance sheet events disclosures.

Going concern

To the best of our knowledge there is nothing to indicate that the Talbot Crosbie Bequest and East Dunbartonshire Council Charitable Trusts will not continue as a going concern in the foreseeable future. The period to which we have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Subsequent events

We confirm all events subsequent to the date of the financial statements and for which the Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, we will advise you accordingly.

Annual Report

The disclosures within the Annual Report fairly reflect our understanding of the Talbot Crosbie Bequest and East Dunbartonshire Council Charitable Trusts’ financial and operating performance over the period covered by the financial statements.

Unadjusted misstatements

We confirm that there are no uncorrected misstatements.

Yours sincerely,

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Appendix B: Draft audit report – East Dunbartonshire Council

Independent auditor's report to the members of East Dunbartonshire Council and the Accounts Commission

Report on the audit of the financial statements

Opinion on the financial statements

We certify that we have audited the financial statements in the annual accounts of East Dunbartonshire (“the Council”) and its group for the year ended 31 March 2023 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the council-only and Comprehensive Income and Expenditure Statements, the Movement in Reserves Statements, the Balance Sheets, the Cash Flow Statements, the council-only Housing Revenue Account, Movement on the Housing Revenue Account Statement, the Council Tax Income Account, the Non-Domestic Rate Income Account and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted, and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the 2022/23 Code).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the Council and its group as at 31 March 2023 and of its income and expenditure of the Council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted, and adapted by the 2022/23 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the Council and its group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Council. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Council and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Appendix B: Draft audit report – East Dunbartonshire Council

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the Council and its group. However, we report on the Council's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Chief Finance Officer and the Audit and Risk Management Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of financial statements, that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the ability of the Council and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the Council and its group.

The Audit and Risk Management Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the Council and its group;
- inquiring of the Chief Finance Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the Council and its group;
- inquiring of the Chief Finance Officer concerning the policies and procedures of the Council and its group regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

Appendix B: Draft audit report – East Dunbartonshire Council

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skillfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

We have audited the parts of the Remuneration Report described as audited. In our opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Chief Finance Officer is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and

Appendix B: Draft audit report – East Dunbartonshire Council

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Tom Reid

For and on behalf of Forvis Mazars LLP

100 Queen Street

Glasgow

G1 3DN

[Date]

Appendix B: Draft audit report – Talbot Crosbie Bequest and East Dunbartonshire Charitable Trusts

Independent auditor's report to the trustees of Talbot Crosbie Bequest (SC018494) and East Dunbartonshire Charitable Trusts (SC025074) and the Accounts Commission

Report on the audit of the financial statements

Opinion on the financial statements

We certify that we have audited the financial statements in the statement of accounts of Talbot Crosbie Bequest and East Dunbartonshire Council Charitable Trusts for the year ended 31 March 2023 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Receipts and Payments, the Statement of Balances, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

In our opinion the accompanying financial statements:

- properly present the receipts and payments of the Charities for the year ended 31 March 2023 and their statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1), (2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charities in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Appendix B: Draft audit report – Talbot Crosbie Bequest and East Dunbartonshire Charitable Trusts

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the local government sector and charity sector to identify that the Local Government (Scotland) Act 1973, Charities and Trustee Investment (Scotland) Act 2005 and The Charities Accounts (Scotland) Regulations 2006 are significant in the context of the Charities;
- inquiring of the Trustees as to other laws or regulations that may be expected to have a fundamental effect on the operations of the Charities;
- inquiring of the Trustees concerning the Charities’ policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Charities’ controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor’s responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Appendix B: Draft audit report – Talbot Crosbie Bequest and East Dunbartonshire Charitable Trusts

Reporting on other requirements

Other information

The trustees are responsible for the other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Appendix B: Draft audit report – Talbot Crosbie Bequest and East Dunbartonshire Charitable Trusts

Matters on which we are required to report by exception

We are required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Tom Reid
Audit Director
For and on behalf of Forvis Mazars LLP

100 Queen Street
Glasgow, G1 3DN

Appendix C: Confirmation of our independence

We communicate any matters which we believe may have a bearing on our independence or the objectivity of Forvis Mazars LLP and the audit team. As part of our ongoing risk assessment, we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We confirm that no new threats to independence have been identified since issuing our Annual Audit Plan and therefore we remain independent.

Appendix C: Confirmation of our independence (continued)

Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Annual Audit Plan presented to the Audit and Risk Management Committee on 8 June 2023. We were appointed as auditors for the Council in the 2022/23 financial therefore no comparatives have been provided in the below table. Having substantially completed our work for the 2022/23 financial year, we can confirm that our fees are as follows:

Area of work	2022/23 fees
Auditor remuneration	£233,610
Pooled costs	£0
Contribution to PABV costs	£60,480
Audit support costs	£8,860
Sectoral cap adjustment	(£1,210)
Total fees	£301,740

Fees for other work

We confirm that we have not undertaken any non-audit services for the Council in the year.

Fees for audit of Charitable Trusts





The audit fee in table above does not include the cost of auditing the Council's charitable trusts. We propose setting a fee for the audit of these of £6,500.

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
- East Dunbartonshire Health & Social Care Partnership
- Trust Funds.


Appendix D: Other communications

	Other communication	Response
	Compliance with Laws and Regulations	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
	External confirmations	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
	Related parties	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ol style="list-style-type: none"> they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
	Going Concern	<p>We have not identified any evidence to cause us to disagree with the Chief Finance Officer that East Dunbartonshire Council will be a going concern, and therefore we have not identified any evidence to cause us to consider that the use of the going concern assumption in preparation of the financial statements is not appropriate.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

Appendix D: Other communications (continued)

	Other communication	Response
	Subsequent events	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
	Matters related to fraud	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition, we have assessed the adequacy of the Council's arrangements for preventing and detecting fraud or other irregularities as part of the wider scope audit and concluded that they are sufficiently designed and implemented.</p> <p>We will obtain written representations from management, and where appropriate the Audit and Risk Management Committee, confirming that:</p> <ul style="list-style-type: none"> a) they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b) they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud; c) they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ul style="list-style-type: none"> i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d) they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Appendix D: Other communications (continued)

	Other communication	Response
	<p>National Fraud Initiative</p>	<p>The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise led by Audit Scotland and overseen by the UK’s Cabinet Office, designed to prevent and detect fraud. The NFI uses data analytics to compare information held on individual by different public bodies to highlight the existence of fraud or error.</p> <p>The Council has received matches for investigation in November 2023 with the original date of investigation by 30 September 2023. We have monitored the Council’s participation and progress during the 2022/23 audit. There remains a number of potential duplicate payment invoices for which there has not yet been sufficient organisational resources to progress. This has been due to prioritisation of Oracle Fusion implementation. In previous years, due to there being a large number of matches and no previous issues identified as a result of this data match, a sample has been checked. At the time of submitting NFI questionnaire, some sampling work was planned to be completed on these matches in Quarter 1 2024/25.</p>

Appendix E: Wider scope and Best Value ratings

We need to gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any risks. We will carry out more detailed work where we identify significant risks. Where significant risks are identified we will report these to the Council and make recommendations for improvement. In addition to local risks, we consider challenges that are impacting the public sector as a whole.

We have assigned priority rankings to each of the risks identified to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. The table below describes the meaning behind each rating that we have awarded to each wider scope area based on the work we have performed.

Rating	Description
Level 1	The identified risk and/or significant deficiency is critical to the business processes or the achievement of business strategic objectives. There is potential for financial loss, damage to reputation or loss of information. The recommendation should be taken into consideration by management immediately.
Level 2	The identified risk and/or significant deficiency may impact on individual objectives or business processes. The audited body should implement the recommendation to strengthen internal controls or enhance business efficiency. The recommendations should be actioned in the near future.
Level 3	The identified risk and/or significant deficiency is an area for improvement or less significant. In our view, the audited body should action the recommendation, but management do not need to prioritise.

Contact

Forvis Mazars

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