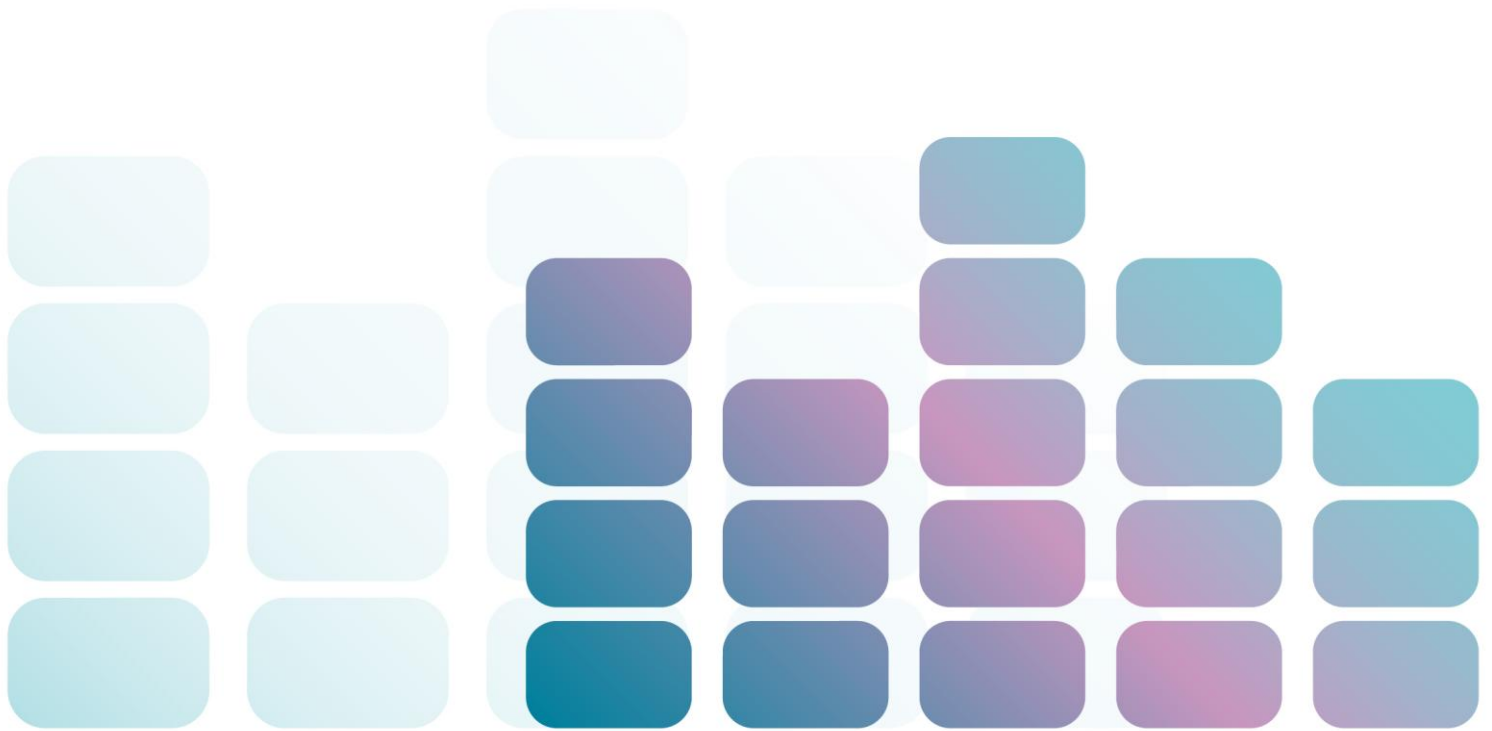


Clyde Valley Learning and Development Joint Committee

2024/25 Annual Audit Report



Prepared for the Clyde Valley Learning and Development Joint Committee and the
Controller of Audit
November 2025

Contents

| | |
|---|----|
| Key messages | 3 |
| Introduction | 4 |
| Audit scope and responsibilities | 5 |
| Audit of the annual accounts | 7 |
| Financial Sustainability and Best Value audit | 12 |
| Appendix 1 | 15 |

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Key messages

Audit of the annual accounts

- 1** All audit opinions stated that the annual accounts were free from material misstatement.
- 2** There were no significant findings or key audit matters to report.

Financial Sustainability and Best Value audit

- 3** Clyde Valley Learning and Development Joint Committee has effective and appropriate arrangements in place for securing financial sustainability.
 - 4** Clyde Valley Learning and Development Joint Committee has effective and appropriate arrangements in place for securing Best Value.
-

Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of Clyde Valley Learning and Development Joint Committee's annual accounts and the wider scope areas specified in the [Code of Audit Practice \(2021\)](#).
2. The Annual Audit Report is addressed to the Clyde Valley Learning and Development Joint Committee, hereafter referred to as 'the Joint Committee' and the Controller of Audit, and will be published on [Audit Scotland's website](#) in due course.

Appointed auditor and independence

3. Pauline Murray, of Audit Scotland, has been appointed as external auditor of the Joint Committee for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, Pauline Murray and the audit team are independent of the Joint Committee in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from the Joint Committee, including no provision of non-audit services.

Acknowledgements

4. We would like to thank the Joint Committee and its staff, particularly those involved in preparation of the annual accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

Audit scope and responsibilities

Scope of the audit

5. The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement.
- An opinion on statutory other information published with the financial statements in the annual accounts, namely the Management Commentary and Annual Governance Statement.
- Concluding on the financial sustainability of the Joint Committee and a review of the Annual Governance Statement.
- Reporting on the Joint Committee's arrangements for securing Best Value.
- Provision of this Annual Audit Report.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of the body and the auditor. A summary of the key responsibilities is outlined below.

Auditor's responsibilities

7. The responsibilities of auditors in the public sector are established in the Local Government (Scotland) Act 1973. These include providing an independent opinion on the financial statements and other information reported within the annual accounts, and concluding on the Joint Committee's arrangements in place for the wider scope areas and Best Value.

8. The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve the Joint Committee from its responsibilities outlined below.

The Joint Committee's responsibilities

9. The Joint Committee has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of annual accounts, comprising financial statements that give a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

National and performance audit reporting

10. The Auditor General for Scotland and the Accounts Commission regularly publish national and performance audit reports. These cover a range of matters, many of which may be of interest to the Joint Committee. Details of national and performance audit reports published over the last year can be seen in [Appendix 1](#).

Audit of the annual accounts

Main judgements

All audit opinions stated that the annual accounts were free from material misstatement.

There were no significant findings or key audit matters to report. One material audit adjustment of £3.4k was required to correct the financial statements and was processed by the Joint Committee.

Audit opinions on the annual accounts

11. The Joint Committee's annual accounts were approved by the Joint Committee on 24 November 2025 and certified by the appointed auditor on 24 November 2025. The Independent Auditor's Report is included in the Joint Committee's annual accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.



Audit timetable

12. The unaudited annual accounts and all working papers were received by 30 June 2025 in accordance with the agreed audit timetable.

Audit Fee

13. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £2,460. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

Materiality

14. The concept of materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual accounts.

15. Broadly, the concept of materiality is to determine whether misstatements identified during the audit could reasonably be expected to influence the decisions of users of the annual report and accounts. Auditors set a monetary threshold when determining materiality, although some issues may be considered material by their nature. Therefore, materiality is ultimately a matter of the auditor's professional judgement.

16. Materiality levels for the Joint Committee were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited annual accounts. No changes were required to the materiality levels, which are outlined in [Exhibit 1](#).

Exhibit 1
2024/25 Materiality levels for Clyde Valley Learning and Development Joint Committee

| Materiality | Amount |
|---|--------|
| Materiality – set at 2% of gross expenditure | £1,600 |
| Performance materiality – set at 75% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required. | £1,200 |
| Reporting threshold – set at 5% of materiality. | £80 |

Source: Audit Scotland

Significant findings and key audit matters

17. ISA (UK) requires auditors to communicate significant findings from the audit to those charged with governance, which for the Joint Committee is Clyde Valley Learning and Development Joint Committee.

18. The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor’s professional judgement, are of most significance to the audit of the financial statements and require most attention when performing the audit.

19. In determining key audit matters, auditors consider:

- Areas of higher or significant risk of material misstatement.
- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.
- Significant events or transactions that occurred during the year.

20. There are no significant findings or key audit matters to report.

Qualitative aspects of accounting practices

21. ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of the Joint Committee's accounting practices, including accounting policies and disclosures in the financial statements.

Accounting policies

22. The appropriateness of accounting policies adopted by the Joint Committee was assessed as part of the audit. These were considered to be appropriate to the circumstances of the Joint Committee, and there were no significant departures from the accounting policies set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Disclosures in the financial statements

23. The adequacy of disclosures in the financial statements was assessed as part of the audit. The quality of disclosures was adequate.

Significant matters discussed with management

24. All matters identified during the audit were discussed with management and have been reported in the Annual Audit Report.

Audit adjustments

25. Audit adjustments were required to the financial statements to correct misstatements that were identified from the audit. Details of all audit adjustments greater than the reporting threshold of £80 are outlined in [Exhibit 2](#).

Exhibit 2 Audit adjustments

| Details | Financial statements lines impacted | Comprehensive Income and Expenditure Statement (CIES) | | Balance Sheet | |
|---|-------------------------------------|---|------|---------------|------|
| | | Dr | Cr | Dr | Cr |
| Audit adjustments to financial statements | | £000 | £000 | £000 | £000 |

1. An adjustment of £3.4k was made via a late journal to reduce both short-term investments and creditors.

Creditors

3.4

| Details | Financial statements lines impacted | Comprehensive Income and Expenditure Statement (CIES) | Balance Sheet |
|------------------------------------|-------------------------------------|---|---------------|
| | Short term investments | | (3.4) |
| Net impact on financial statements | | | 3.4 (3.4) |

Source: Audit Scotland

26. Management of the Joint Committee have processed the audit adjustments to correct this misstatement which was the result of transferring the body's VAT liability to South Lanarkshire Council as lead authority. This was only a balance sheet adjustment to correct the classification of the VAT transaction and had no impact on the in-year position reported in the annual accounts.
27. One other misstatement was identified greater than the reporting threshold. This was for expenditure of £1.3k relating to 2023/24 being incorrectly recognised within 2024/25 due to a timing issue. If corrected, this adjustment would decrease expenditure by £1.3k and decrease creditors in the balance sheet by the same amount.
28. The value, nature, and circumstances of the uncorrected misstatement was considered, individually and in aggregate, by the audit team, and it was concluded that it was not material to the financial statements. As a result, it did not have any impact on the audit opinions given in the Independent Auditor's Report.

Significant risks of material misstatement identified in the Annual Audit Plan

29. Audit work has been performed in response to the significant risk of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit 3](#).

Exhibit 3
Significant risks of material misstatement to the financial statements

| Risk of material misstatement | Planned audit response | Outcome of audit work |
|---|---|--|
| Fraud caused by management override of controls | The audit team will: <ul style="list-style-type: none">Evaluate the design and implementation of controls | Audit work performed found: <ul style="list-style-type: none">The design of controls over journal processing |

| Risk of material misstatement | Planned audit response | Outcome of audit work |
|--|---|--|
| <p>Per ISA (UK) 240, this is a presumed risk that applies to all entities due to the recognition that management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p> | <p>over journal entry processing.</p> <ul style="list-style-type: none"> • Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal.. • Test journals entries, focusing on those that are assessed as higher risk, such as those affecting revenue and expenditure recognition around the year-end. • Evaluate significant transactions outside the normal course of business. • Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements. | <p>were appropriate and these were implemented as intended.</p> <ul style="list-style-type: none"> • No inappropriate or unusual activity relating to the processing of journal entries was identified from discussions with individuals involved in financial reporting. • No significant issues were identified from testing of journal entries. • No significant issues were identified from transactions outside the normal course of business. • The controls in place for identifying and disclosing related party relationships and transactions were adequate. <p>Conclusion: no evidence of fraud caused by management override of controls.</p> |

Source: Audit Scotland

Prior year recommendations

30. There were no recommendations made in our 2023/24 annual audit report for follow up.

Financial Sustainability and Best Value audit

Conclusion

The Joint Committee has effective and appropriate arrangements in place for securing financial sustainability.

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

Audit approach to wider scope and Best Value

Wider scope

31. The Annual Audit Plan reported the Joint Committee was considered to be a less complex body for the wider scope audit. Therefore, the wider scope audit does not cover all four wider scope areas and is instead limited to concluding on the financial sustainability of the Joint Committee.

Best Value

32. Under the Code of Audit Practice, the duty on auditors to consider the arrangements an audited body has in place to secure Best Value applies to audited bodies that fall within section 106 of the Local Government (Scotland) Act 1973, which the body does.

33. Consideration of the arrangements the body has in place to secure Best Value have been carried out alongside the wider scope audit.

Conclusions on Financial Sustainability

34. The audit work performed on the arrangements the Joint Committee has in place for securing financial sustainability found that these were effective and appropriate.

The Joint Committee reported a surplus of £15,000 in 2024/25

35. The Joint Committee secured contributions totalling £75,000 from the member authorities towards its running costs for 2024/25. As the administering authority, South Lanarkshire Council manages the Joint Committee's running costs within the allocated budget.

36. Income and expenditure for the year are reported as £99,000 and £84,000 respectively, resulting in a £15,000 surplus on the provision of services. The

surplus has been added to the accumulated reserves balance brought forward from 2023/2024. As at 31 March 2025, the Joint Committee's general fund reserve is £64,000.

Through the continued support from member councils, the Joint Committee's financial position remains sustainable

37. The Joint Committee's sustainability is dependent on participating councils' continued support. The Joint Committee has secured contributions totalling £71,000 from 14 member councils, five being full members, towards the running costs of the project for 2025/26. This is a reduction of £4,000 from 2024/25 after one council did not renew its participating membership.

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

39. At the Joint Committee meeting in June 2025, the 2025/26 revenue budget monitoring report noted that in addition to the member contributions of £71,000, there is budgeted training expenditure of £25,000, with this recharged to councils. This gives a total expenditure and income budget of £96,000 for 2025/26.

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

41. After the withdrawal of one council from full membership in 2022/23, the Joint Committee membership was reduced to the minimum level for the continuation of the Project. However, it is evident from committee proceedings that participating councils will continue to support the operations and existence of the Joint Committee for the foreseeable future.

Conclusion on Best Value

42. The audit work performed on the arrangements the Joint Committee has in place for securing Best Value found these were effective and appropriate. This judgement is evidenced by:

- the Joint Committee having well established and effective governance arrangements in place, with the Best Value being a key aspect of the governance arrangements.
- the arrangements the Joint Committee has in place to secure financial sustainability which help ensure the effective use of available resources.

43. The Joint Committee has responsibility for overseeing the Project. The overall objective of the Project is to establish and deliver multiple shared

approaches to training, learning and development between the Clyde Valley Councils (South Lanarkshire, North Lanarkshire, Glasgow City, East Renfrewshire, Inverclyde and Renfrewshire Councils) which will result in:

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

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

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

Appendix 1

Supporting national and performance audit reports

| Report name | Date published |
|---|-------------------|
| Local government budgets 2024/25 | 15 May 2024 |
| Scotland's colleges 2024 | 19 September 2024 |
| Integration Joint Boards: Finance and performance 2024 | 25 July 2024 |
| The National Fraud Initiative in Scotland 2024 | 15 August 2024 |
| Transformation in councils | 1 October 2024 |
| Alcohol and drug services | 31 October 2024 |
| Fiscal sustainability and reform in Scotland | 21 November 2024 |
| Public service reform in Scotland: how do we turn rhetoric into reality? | 26 November 2024 |
| NHS in Scotland 2024: Finance and performance | 3 December 2024 |
| Auditing climate change | 7 January 2025 |
| Local government in Scotland: Financial bulletin 2023/24 | 28 January 2025 |
| Transparency, transformation and the sustainability of council services | 28 January 2025 |
| Sustainable transport | 30 January 2025 |
| A review of Housing Benefit overpayments 2018/19 to 2021/22: A thematic study | 20 February 2025 |
| Additional support for learning | 27 February 2025 |
| Integration Joint Boards: Finance bulletin 2023/24 | 6 March 2025 |
| Integration Joint Boards finances continue to be precarious | 6 March 2025 |
| General practise: Progress since the 2018 General Medical Services contract | 27 March 2025 |
| Council Tax rises in Scotland | 28 March 2025 |

Clyde Valley Learning and Development Joint Committee

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