

A decorative graphic consisting of a grid of light grey triangles pointing right, with one triangle in the upper-middle section colored bright green and one triangle in the lower-right section colored blue. A large blue triangle is also present on the left side of the page, pointing right towards the center.

# Renfrewshire Council

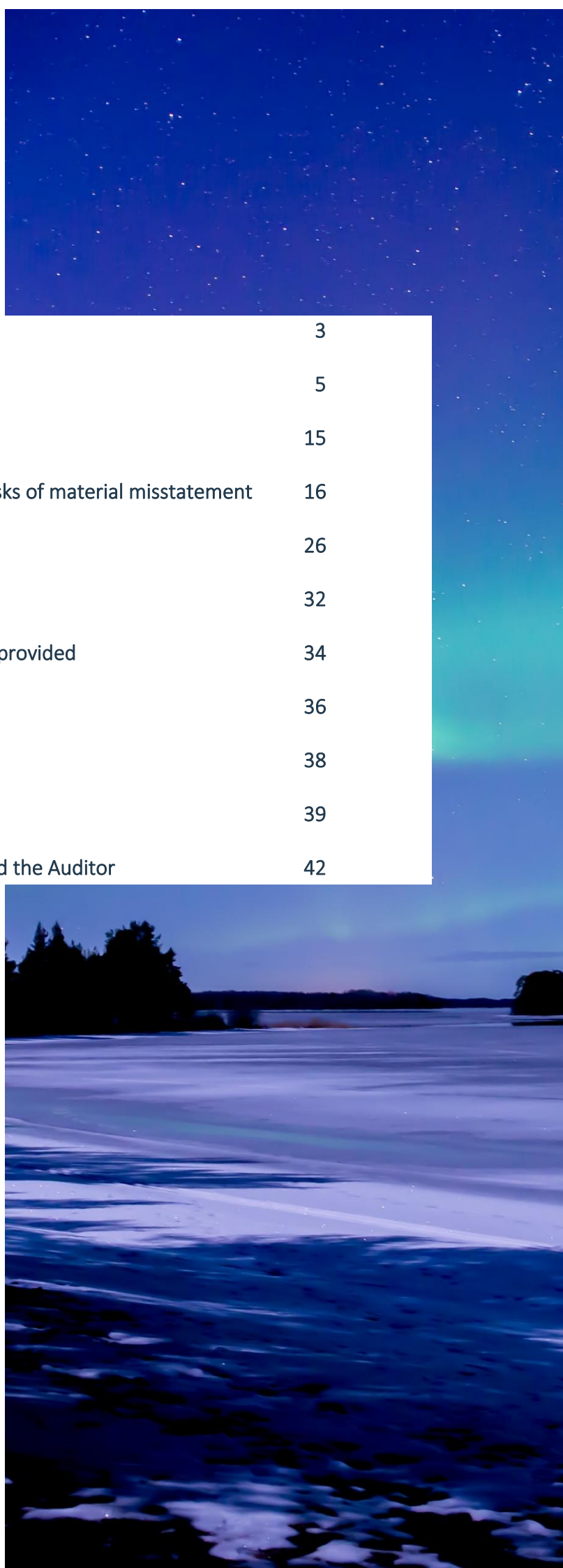
External Audit Annual Plan

Year ended 31 March 2026

March 2026

## Table of Contents

Introduction	3
Audit scope and general approach	5
IT Audit strategy	15
Financial statements - significant and other risks of material misstatement	16
Wider scope of public audit	26
Audit team, logistics and requirements	32
Independence, objectivity and other services provided	34
Audit Fees	36
Appendices	38
Appendix 1: Materiality	39
Appendix 2: Responsibilities of the Council and the Auditor	42



# Introduction

## Purpose

This audit plan highlights the key elements of our proposed audit strategy and provides an overview of the planned scope and timing of the statutory external audit of Renfrewshire Council (“the Council”), including the charitable trust administered by the Council for the year ended 31 March 2026 for those charged with governance.

The main elements of the audit include:

- 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 audit opinion on other statutory information published with the financial statements in the annual accounts, including the Management Commentary, Annual Governance Statement, and the Remuneration Report;
- consideration of arrangements in relation to wider scope areas: financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes;
- the audit of Best Value arrangements, including a separate Thematic Review on Best Value – Asset management and Fairness and Equality;
- the audit of the Council’s Housing Benefit Subsidy Claim, Non-Domestic Rates Return and where relevant, the Whole of Government Accounts (WGA) return;
- review of the Council’s arrangements for preparing and publishing statutory performance information; and
- any other work requested by Audit Scotland.

## Responsibilities of the auditor and the Council

The [Code of Audit Practice](#) outlines the responsibilities of external auditors appointed by the accounts Commission for Scotland and it is a condition of our appointment that we follow it.

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

The Council has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing a set of accounts and an annual report that are in accordance with proper accounting practices. The Council is also responsible for complying with legislation and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.

[Appendix 2](#) provides further details of our respective responsibilities.

## Adding Value through the Audit

All of our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help promote improved standards of governance, better management and decision making and more effective use of resources.

## Feedback

Any comments you may have on the service we provide, the quality of our work, and our reports would be greatly appreciated at any time. Comments can be reported directly to any member of your audit team.

This plan has been prepared for the sole use of those charged with governance and management and should not be relied upon by third parties. No responsibility is assumed by Azets Audit Services to third parties.

## Openness and transparency

This report will be published on Audit Scotland's website <http://www.audit-scotland.gov.uk/>

## Audit scope and general approach

### Risk-based audit approach

Our objective when performing an audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement and to issue an auditor's report that includes our auditor's opinion.

As part of our risk-based audit approach, we will:

- perform risk assessment procedures including updating our understanding of the Council, including its environment, the financial reporting framework and its system of internal control;
- review the design and implementation of key internal controls;
- identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement level and the assertion level for classes of transaction, account balances and disclosures;
- design and perform audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; and
- exercise professional judgment and maintain professional scepticism throughout the audit recognising that circumstances may exist that cause the financial statements to be materially misstated.

We will undertake a variety of audit procedures designed to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We include an explanation in the auditor's report of the extent to which the audit was capable of detecting irregularities, including fraud and respective responsibilities for prevention and detection of fraud.

## Communication with those charged with governance

Auditing standards require us to make certain communications throughout the audit to those charged with governance. These communications will be through the Audit, Risk and Scrutiny Board. We perform our audit of the financial statements in accordance with International Standards on Auditing UK (ISAs (UK)), Ethical Standards, and applicable Practice Notes and other guidance issued by the Financial Reporting Council (FRC).

## Partnership working

We coordinate our work with Audit Scotland, internal audit, other external auditors and relevant scrutiny bodies, recognising the increasing integration of service delivery and partnership working within the public sector.

Our Audit Scotland appointment includes Renfrewshire Council, Renfrewshire Valuation Joint Board, Scotland Excel and the Coats Observatory Trust. Azets Audit Services is separately appointed as external auditors of Renfrewshire Leisure Limited (OneRen). Where practicable and appropriate we will share knowledge between our teams to generate efficiencies in the delivery of our audits.

## Audit Scotland

Although we are independent of Audit Scotland and are responsible for forming our own views and opinions, we do work closely with Audit Scotland throughout the audit. This helps identify common priorities and risks, treat issues consistently across the sector, and improve audit quality and efficiency. We share information about identified risks, good practices and barriers to improvement so that lessons to be learnt and knowledge of what works can be disseminated to all relevant bodies.

Audit Scotland undertakes national performance audits on issues affecting the public sector. We may also be required to provide information to Audit Scotland to support the national performance audits and we may review the Council's arrangements for taking action on any issues reported in the national performance reports which have a local impact. We also consider the extent to which the Council uses the national performance reports as a means to help improve performance at the local level.

## Shared Risk assessment and joint scrutiny planning

The Shared Risk Assessment (SRA) process is a vehicle for scrutiny bodies to share intelligence and agree scrutiny risks at councils. A local area network (LAN) has been established for each council in Scotland which comprises representatives from the main local government scrutiny bodies. The LAN is led by external audit and meet as and when is considered appropriate.

## Internal Audit

As part of our audit, we consider the scope and nature of internal audit work and look to minimise duplication of effort, to ensure the total audit resource to the Council is used as efficiently and effectively as possible.

## Delivering the audit

### Hybrid audit approach

We intend to adopt a hybrid approach to our audit which combines on-site visits with remote working.

All of our people have the equipment, technology and systems to allow them to work remotely or on-site, including secure access to all necessary data and information. All of our staff are fully contactable by email, phone call and video-conferencing. Meetings can be held over Microsoft Teams or by telephone.

We employ greater use of technology to examine evidence, but only where we have assessed both the sufficiency and appropriateness of the audit evidence produced.

### Secure sharing of information

We use a cloud-based file sharing service that enables users to easily and securely exchange documents and provides a single repository for audit evidence.

### Regular contact

During the 'fieldwork' phases of our audit, we will arrange regular catch-ups with key personnel to discuss the progress of the audit. The frequency of these meetings will be discussed and agreed with management.

## Materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements.

Judgments about materiality are made in the light of surrounding circumstances and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both.

Our determination of materiality:

- Informs the scope of our audit and audit procedures
- Informs the sample sizes required for substantive testing
- Informs our consideration in evaluation the effect of actual and projected misstatements in the financial statements

Materiality is revised as our audit progresses, should we become aware of any information that would have caused us to determine a different amount had we known about it during our planning. The basis for our assessment of materiality for the year is set out in [Appendix 1](#).

**Planning Materiality:** We have set our materiality at 2% of the Council's gross expenditure based on the annual accounts for 2024/25, resulting in £18.100million for the Group and £18.000million for the Council.

**Performance Materiality:** Using our professional judgement, we have assessed performance materiality at 75% of planning materiality, resulting in £13.575million for the Group and £13.500million for the Council.

**Trivial threshold:** We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount. We have set this at approximately 5% of planning materiality, resulting in £0.905million for the Group and £0.900million for the Council.

**Specific Materiality:** We also consider whether any specific items of account require a separate, lower materiality. We have determined that no specific materiality levels needed to be set for this audit.

When planning, we make judgements about the size of misstatements which we consider to be material, and which provide a basis for determining the nature and extent of our audit procedures. Materiality is revised as our audit progresses, should we become aware of any information that would have caused us to determine a different amount had we known about it during our planning. The basis for our assessment of materiality is set out in Appendix 2.

## Accounting systems and internal controls

The purpose of an audit is to express an opinion on the financial statements. We will follow a substantive testing approach to gain audit assurance rather than relying on tests of controls. As part of our work, we consider certain internal controls relevant to the preparation of the financial statements such that we are able to design appropriate audit procedures. However, this work does not cover all internal controls and is not designed for the purpose of expressing an opinion on the effectiveness of internal controls. If, as part of our consideration of internal controls, we identify significant deficiencies in controls, we will report these to you in writing.

## Going Concern

### Management responsibility

Management is required to make and document an assessment of whether the Council and Group is a going concern when preparing the financial statements. The review period should

cover at least 12 months from the date of approval of the financial statements. Management are also required to make balanced, proportionate and clear disclosures about going concern within the financial statements where material uncertainties exist in order to give a true and fair view.

### Auditor responsibility

Under ISA (UK) 570, we are required to consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements and consider whether there are material uncertainties about the Council and Group's ability to continue as a going concern that need to be disclosed in the financial statements.

In assessing going concern, we will consider the guidance published in the Code of Practice on Local Authority Accounting in the UK 2025/26 and Practice Note 10 (PN10), which focuses on the anticipated future provision of services in the public sector rather than the future existence of the entity itself.

### Group audit scope and risk assessment

As Group auditor, under ISA (UK) 600 (Revised September 2022) we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

### Group audit scope

Based on the initial assessment the Group consists of the following entities:

Component	Nature and extent of further audit procedures	Level of response required
Renfrewshire council	Full Scope	Full scope statutory audit, as set out in this audit plan.
Renfrewshire Leisure Ltd	Specific procedures	Specific procedures in relation to pension asset/liability
Common Good Funds	Specific procedures	Specific procedures performed - 1.Long-term investments 2.Property, plant and equipment
Paisley Museum Reimagined Ltd	None	No procedures planned.

Park Lane Developments (Renfrewshire) LLP	None	No procedures planned.
Coats Observatory Trust	None	No procedures planned. (*)
Strathclyde Partnership for Transport	Specific procedures	Specific procedures performed - Investments in associates and joint ventures
Strathclyde Concessionary Travel Scheme Joint Committee	None	No procedures planned.
Renfrewshire Valuation Joint Board	None	No procedures planned. (*)
Renfrewshire Health and Social Care Integration Joint Board	None	No procedures planned.
AMIDS Renfrewshire LLP	None	No procedures planned.

(\*) Azets Audit Services perform separate statutory audits of these accounts which are not related to the group accounts audit.

#### Definitions:

**Full Scope** Design and perform further audit procedures on the entire financial information of the component, beyond procedures completed to review the consolidation.

**Specific Scope** Design and perform further audit procedures on one or more classes of transactions, account balances or disclosures, beyond procedures completed to review the consolidation.

**None** No further audit procedures required, beyond procedures completed to review the consolidation.

### Risks at the component-level

The risks identified at the Council are set out in this external audit plan. There are no other significant risks identified in any of the other components above in respect of the Group audit.

Note that a component may require a statutory audit under UK or overseas company law irrespective of whether an audit is required for group reporting purposes. Management

should therefore satisfy themselves that all UK and overseas company law requirements are adhered to on a company-by-company basis.

## Prevention and detection of fraud or error

In order to discharge our responsibilities regarding fraud and irregularity we require any fraud or irregularity issues to be reported to us as they arise. In particular we require to be notified of all frauds which:

- involve the misappropriation of theft of assets or cash which are facilitated by weaknesses in internal control and;
- are over £5,000.

We also require a historic record of instances of fraud or irregularity to be maintained and a summary to be made available to us after each year end.

## National Fraud Initiative

The National Fraud Initiative (NFI) in Scotland is a biennial counter-fraud exercise led by Audit Scotland and overseen by the Public Sector Fraud Authority for the UK. It uses technology to compare information held by different public bodies, and on different financial systems that might suggest the existence of fraud or error.

The most recent NFI exercise commenced in 2024, the findings of which will be published in Audit Scotland's NFI report in summer 2026.

We continue to monitor the Council's participation and progress in NFI and, where appropriate, will include references to NFI in our 2025/26 Annual Audit Report. In addition, we are required, in 2025/26, to complete a return for Audit Scotland, assessing the Council's participation in the NFI exercise. The return will review the adequacy of NFI governance arrangements and follow-up activity. The information provided is a key source of information for Audit Scotland's NFI report.

## Anti-money laundering

We require the Council to notify us on a timely basis of any suspected instances of money laundering so that we can inform Audit Scotland who will determine the necessary course of action.

## Wider audit scope work

The special accountabilities that attach to the conduct of public business, and the use of public money, mean that public sector audits must be planned and undertaken from a wider perspective than in the private sector. This means providing assurance, not only on the

financial statements, but providing audit judgements and conclusions on the appropriateness, effectiveness and impact of corporate governance and performance management arrangements and financial sustainability. [Appendix 2](#) provides detail of the wider scope areas of public sector audit work.

Our initial risk assessment and scope of work planned for 2025/26 is outlined in the “Wider scope of public audit” section of this plan.

## National risk assessment

Where particular areas of national or sectoral risk have been identified by the Auditor General, they will request auditors to consider and report on those risks as they apply at a local level. For 2025/26 no such risks have been specified.

## Best Value

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

Under the Code of Audit Practice, the audit of Best Value in councils is fully integrated within the annual audit work performed by appointed auditors. We are required to evaluate and report on the performance of councils in meeting their Best Value duties. There are six aspects to our work:

**1.Follow up:** our work will follow up on Accounts Commission findings, Controller of Audit recommendations and any outstanding improvement actions reported in Best Value Assurance Reports, Best Value thematic reports and Annual Audit Reports. Our work will reflect the Council’s self-assessment against outstanding improvement actions and our findings will be based on the Council’s current arrangements for delivering best value.

**2.Risk based approach to Best Value themes:** we pay due regard to the Council’s arrangements in respect of the seven Best Value themes in identifying any significant risks.

**3.Assessing the effectiveness of performance reporting:** the best value theme, effective use of resources, includes an expectation that councils report effectively on their performance. Councils should be able to demonstrate a trend of improvement over time in delivering their strategic priorities.

**4.Thematic review of asset management:** we are required to report on Best Value or related themes prescribed by the Accounts Commission. The thematic work for 2025/26 is on how well the councils are managing their assets to achieve their corporate objectives and respond to challenges around financial sustainability and climate change.

**5. Fairness and Equality assessment:** Audit Scotland has requested that we carry out audit work on the Council's arrangements relating to the best value theme of fairness and equality at least once during the audit appointment. Under the statutory Best Value framework, councils are required to demonstrate continuous improvement across a set of national themes, including fairness and equality.

**6. Contributing to Controller of Audit reports:** the Controller of Audit reports to the Accounts Commission on each council's performance in meeting its Best Value duties at least once over the five year audit appointment. The report is a summary of information and judgements reported by each auditor. The Controller of Audit prepared a Best Value report for Renfrewshire Council and was considered by the Accounts Commission on 15 May 2025. Following this, the Accounts Commission published their findings on 5 June 2025 and the report was presented to the Council on 26 June 2025.

## Reporting our findings

At the conclusion of the audit we will issue:

- an independent auditor's report setting out our formal audit opinions within the annual report and accounts, and;
- an annual audit report describing our audit findings, conclusions on key audit risks, judgements on the pace and depth of improvement on the wider scope areas, and any recommendations.

## Definitions

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



## IT Audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those walkthrough key controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them.

Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

We will consult internally with our Technology Risk team for them to support the audit team by assessing the information technology general controls (ITGC) of the following systems:

IT Application	Audit area	Planned level of IT audit assessment
Finance System (Business World)	Financial Reporting	ITGC assessment (design and implementation effectiveness only).
Active Directory	Network Access	ITGC assessment (design and implementation effectiveness only)

## Financial statements - significant and other risks of material misstatement

Significant risks are defined as risks that require special audit consideration and include risks of material misstatement that are close to the upper range of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement, or are required to be treated as significant risks due to requirements of auditing standards.

The table below summarises each significant risk. Detail behind each risk and the work undertaken is set out on the following pages.

Significant risk	Financial Statement/Assertion Level Risk	Fraud Risk	Approach to controls	Level of judgement / estimation uncertainty
Management override of controls	Financial Statement Level	Yes	Assess design and implementation	Low
Fraud in revenue recognition (Rebutted)	Assertion Level	No	Assess design and implementation	Low
Fraud in expenditure recognition (Rebutted)	Assertion Level	No	Assess design and implementation	Low
Valuation of Pension Asset/ Liability	Assertion Level	No	Assess design and implementation	High
Valuation of land and buildings	Assertion Level	No	Assess design and implementation	High
Valuation of Council Dwellings	Assertion Level	No	Assess design and implementation	High

## Significant risks at the financial statement level

The table below summarises significant risks of material misstatement identified at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Management override of controls (Council and Group)	Planned audit procedures
<p>Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively.</p> <p>Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk. Specific areas of potential risk include manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business.</p> <p><b>Risk of material misstatement: Very High</b></p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> <li>• documenting our understanding of the journals posting process and evaluating the design and implementation effectiveness of management controls over journals;</li> <li>• analysing the journals listing and determining the criteria for selecting high risk and/or unusual journals;</li> <li>• testing high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval has been undertaken in line with the Council’s journals policy;</li> <li>• gaining an understanding of the key accounting estimates and critical judgements made by management. We will challenge assumptions and consider for reasonableness and indicators of bias which could result in material misstatement due to fraud; and</li> <li>• evaluating the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul>

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

Fraud in revenue recognition - Rebutted (Council and Group)	Audit approach
<p>Material misstatement due to fraudulent financial reporting relating to revenue recognition is a rebuttable presumed risk in ISA (UK) 240.</p> <p>Having considered the nature of the revenue streams at the Council, we consider that the risk of fraud in revenue recognition can be rebutted due to the following:</p> <ul style="list-style-type: none"> <li>• There is little incentive to manipulate revenue recognition;</li> <li>• Opportunities to manipulate revenue recognition are very limited;</li> <li>• The culture and ethical frameworks of local authorities mean that all forms of fraud are seen as unacceptable</li> </ul> <p>Therefore, we do not consider this to be a significant risk for the Council and group.</p>	<p>We do not consider this to be a significant risk for the Council and Group and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p>
Fraud in expenditure - Rebutted (Council and Group)	Audit approach
<p>Due to the presumption that there are risks of fraud in expenditure recognition, we are required to evaluate which types of expenditure, expenditure transactions or assertions give rise to such risks.</p>	<p>We do not consider this to be a significant risk for the Council and Group and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p>

Fraud in expenditure - Rebutted (Council and Group)	Audit approach
<p>We have considered Practice Note 10, which comments that for certain public bodies, the risk of manipulating expenditure could exceed the risk of manipulating revenue. We have therefore considered the risk of fraud in expenditure at the Council for all expenditure streams and concluded that there is not a significant risk. This is due to the low fraud risk in the underlying nature of the transactions, the high predictability of certain expenditure streams, such as payroll or interest, or the immaterial nature of the expenditure streams both individually and collectively.</p> <p>Our consideration of expenditure streams also included capital expenditure and similarly we concluded that there is not a significant risk. Capital expenditure transactions are likely to be larger and subject to more scrutiny, reducing the risk of improper recognition.</p>	

Valuation of Pension Asset/Liability – IAS 19 (key accounting estimate) (Council and Group)	Planned audit procedures
<p>The pension fund net liability/asset is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. An actuarial estimate of the net defined benefit pension liability/asset is calculated on an annual basis under IAS 19 ‘Employee Benefits’, and on a triennial funding basis, by an independent firm of actuaries with specialist knowledge and experience. The triennial estimates are based on the most up to date membership data held by the pension fund and a roll forward approach is used in intervening years, as permitted by the CIPFA Code.</p> <p>The calculations involve a number of key assumptions, such as discount rates and inflation and local factors such as mortality rates and expected pay rises. The estimates are highly sensitive to changes in these assumptions and the calculation of any asset ceiling when determining the value of a pension asset (where relevant). ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external experts (the actuary) and the methods, assumptions and source data underlying the estimates.</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> <li>• evaluating managements processes for the calculation of the estimate, the instructions issued to management’s expert (the actuary) and the scope of their work;</li> <li>• evaluating the competence, capabilities and objectivity of the actuary;</li> <li>• assessing the controls in place to ensure that the data provided to the actuary by the Council and their pension fund was accurate and complete;</li> <li>• evaluating the methods, assumptions and source data used by the actuary in their valuations, with the support of an auditors’ expert;</li> <li>• testing the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;</li> <li>• if the pension fund is in surplus, ensuring that any asset recorded in the financial statements, and any additional liabilities for secondary contributions have been accounted for correctly in line with the requirements of IFRIC 14;</li> <li>• obtaining assurances from the pension fund auditor as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets</li> </ul>

Valuation of Pension Asset/Liability – IAS 19 (key accounting estimate) (Council and Group)	Planned audit procedures
<p>This represents a key accounting estimate made by management within the financial statements due to the size of the gross asset and liability values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of the net pension liability/asset as a significant risk.</p> <p><b>Inherent risk of material misstatement: Pension Asset/Liability (Valuation): High</b></p>	<p>valuation in the pension fund financial statements; and ensuring pension valuation movements for the year and related disclosures have been correctly reflected in the financial statements.</p>

Valuation of Land and Buildings (key accounting estimate) (Council and Group)	Planned audit procedures
<p>The Council held land and building assets at a net book value of £366.032 million at 31 March 2025. The Council revalues land and buildings on a five-year rolling basis.</p> <p>Revaluation of operational land and buildings should be performed in line with the revised revaluation requirements for 2025/26 onwards set out in the CIPFA Code. The Council has adopted the following revaluation approach to its land and buildings valuations for 2025/26 onwards on a rolling five year programme with use of indexation in intervening years, to ensure compliance with the revised requirements set out in the 2025/26 CIPFA Code. Management engaged the services of and employed a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake any valuations required as of 31 March 2026 and to provide advice on appropriate indices.</p> <p>The valuations and index uplifts involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates. This represents a key accounting estimate made by management within the</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> <li>• evaluating management processes, controls and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work;</li> <li>• evaluating the competence, capabilities and objectivity of the valuation expert;</li> <li>• considering the basis on which the valuations and indexation uplifts are carried out and challenging the key assumptions applied;</li> <li>• evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data;</li> <li>• for unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding;</li> <li>• ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct;</li> <li>• evaluating the assumptions made by management for any assets not revalued or indexed during the year and how management are satisfied that these are not materially misstated; and</li> <li>• engaging our own valuations expert, where necessary, to assess any</li> </ul>

Valuation of Land and Buildings (key accounting estimate) (Council and Group)	Planned audit procedures
<p>financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of operational land and buildings as a significant risk. We will further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations, to those assets where the valuation movement falls outside of our expectations, there are significant changes to any of the key assumptions or the year-end valuation is considered material.</p> <p><b>Inherent risk of material misstatement: Land and Buildings (Valuation): High</b></p>	<p>judgemental assumptions used that underpin the final valuations.</p>

Valuation of Council dwellings (key accounting estimate) (Council and Group)	Planned audit procedures
<p>The Council held council dwellings with a net book value of £800.387 million at 31 March 2025. The Council revalues council dwellings on a five-year rolling basis.</p> <p>Revaluation of council dwellings should be performed with sufficient regularity so that carrying amounts are not materially misstated. Council dwellings are valued using the beacon method, which aggregates the vacant possession value of each unit of housing stock based on the value of a beacon or sample property. A discount factor is applied to reflect the lower rent yield from social housing compared to market rates. Management engaged the services of and employed a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations as of 31 March 2026.</p> <p>The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates. This represents a key accounting estimate made by management within the financial statements due to the size of</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> <li>• evaluating management processes, controls and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work;</li> <li>• evaluating the competence, capabilities and objectivity of the valuation expert;</li> <li>• considering the basis on which the valuations are carried out and challenging the key assumptions applied;</li> <li>• evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data;</li> <li>• for unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding;</li> <li>• testing a sample of Beacon properties in respect of council dwellings, to consider whether their valuation assumptions are appropriate and representative of other Beacon properties within the Beacon group;</li> <li>• ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct;</li> <li>• evaluating the assumptions made by management for any assets not revalued during the year and how management</li> </ul>

Valuation of Council dwellings (key accounting estimate) (Council and Group)	Planned audit procedures
<p>the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of council dwellings as a significant risk.</p> <p>We will further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations, to those assets where the valuation movement falls outside of our expectations, there are significant changes to any of the key assumptions or the year-end valuation is considered material.</p> <p><b>Inherent risk of material misstatement: Council dwellings (Valuation): High</b></p>	<p>are satisfied that these are not materially different to the current value; and</p> <ul style="list-style-type: none"> <li>engaging our own valuations expert, where necessary, to assess any judgemental assumptions used that underpin the final valuations.</li> </ul>

## Other material balances and transactions

Under International Standards on Auditing, “irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure”. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as those adopted for the risks identified in this report.

## Wider scope of public audit

### Introduction

The Code of Audit Practice frames a significant part of our responsibilities in terms of four wider scope audit areas:

- Financial sustainability
- Financial management
- Vision, leadership and governance
- Use of resources to improve outcomes.

Our planned audit work is risk based and proportionate. Our initial assessment builds upon our understanding of the Council' key priorities and risks along with discussions with management and review of Council minutes and key strategy documents.

### Our audit approach to the wider scope audit areas

Appointed auditors are required to consider the wider scope areas when:

- identifying significant audit risks at the planning stage of the audit
- reaching conclusions on those risks
- making recommendations for improvement
- where appropriate, setting out conclusions on the audited body's performance.

[Appendix 2](#) provides further detail on the definition, scope and audit considerations under each wider scope area.

We have identified one significant risk in relation to financial sustainability as set out in the table below.

Audit planning is a continuous process and we will report all identified significant risks, as they relate to our wider scope audit, in our annual audit report.

## Wider scope significant risk

### Financial sustainability

The Council continues to consider its medium-term financial planning through its financial outlook and medium-term financial plan, which are regularly presented to the full Council. The most recent medium-term financial plan update was presented to the full Council in February 2026. The latest cumulative forecast indicates a budget gap of £c.80million over the period 2026/27 to 2030/31 prior to council tax decisions. Assuming a 5.0-6.5% council tax increase in over this period, this would reduce the funding gap to c£40m. The scale of the projected funding shortfall demonstrates the continuing structural financial challenge facing the Council over the medium term.

At the time of drafting this report the Council is still to approve its 2026/27 revenue budget at its February 2026 meeting. The budget estimates total expenditure of £622.794million with a deficit of £2.121million, prior to any council tax decisions. The deficit could be temporarily addressed through the use of the financial sustainability fund.

The financial sustainability fund estimated balance as of 31 March 2026 is £34.199 million. The fund was established for this primary reason, to support the financial position of the Council in circumstances where, in the short term, savings have not been generated at the scale or pace required to ensure financial balance. In 2025/26, the Financial Sustainability Fund benefited from the second (and final) year of low employer pension contributions.

The overall council General Fund balance is forecast to be £146.285million at 31 March 2026 (£138.769million in prior year). The majority of the reserves and funds are ring fenced for specific purposes, with the unallocated reserves standing at £10.280million, equivalent to 1.9% of the Council budgeted net expenditure.

Council agreed in September 2025 a £6.3m savings target for 2026/27 to maintain recurring financial balance over the medium term. Directors and their management teams have been developing options to deliver savings at this scale; however, the implementation of proposals is now expected to be phased towards future years. Based on work undertaken by services to date, and that for which specific plans are being developed over the next two years, the Council estimates that £2.8m of savings can be confidently incorporated into the 2026/27 base budget.

The Scottish Government's draft budget announced in January 2026 allocated £493million to the Council, representing a 5% increase (£23.6million) on the prior year allocation. After adjusting for new responsibilities, areas of growing responsibility and other conditional aspects of the settlement, this provides a like-for like comparison to 2025/26 where the Council's underlying core grant has increased by £11.9m (2.5%).

Pay inflation remains a significant financial risk. The Scottish Government's medium-term public sector pay policy indicates a 9% increase over the period 2025/6 to 2027/28, with flexibility for employers to configure three-year proposals within this range. The current agreed pay deal leaves only 2.5% of this envelope for 2027/28.

The Council has highlighted a timing disconnect between its ability to develop recurring savings and the pace at which the cost pressures are emerging. The medium-term financial plan projects increasing annual funding gaps over the planning period before mitigating actions are implemented. The Council recognises that future financial balance will require a combination of recurring savings, service redesign, income generation, and potentially further council tax increases.

There remains uncertainty regarding future Scottish Government settlements, ongoing cost pressures, and the financial sustainability of Renfrewshire Integration Joint Board. The Council acknowledges that while short-term reserve utilisation can assist in managing in-year pressures, underlying structure deficits must be addressed on a recurring basis to ensure long-term financial sustainability.

Given the scale of the medium-term funding gap, reliance on reserves, external funding risks, financial sustainability remains a significant audit risk for 2026/27 and will continue to be subject to detailed review as part of our wider scope audit work.

#### **Our audit response:**

During our audit we will review whether the Council has appropriate arrangements in place to manage its financial position. Our work will include an assessment of progress made in developing financially sustainable plans which reflect the medium and longer term impact of cost pressures and that continue to support the delivery of the Council's statutory functions and strategic objectives.

## **Further wider scope considerations**

In formulating our audit plan, we identified areas of further focus for our work in other wider scope areas:

### **Financial management**

- Whether there are effective arrangements in place to budget for, monitor and deliver its capital plans, including whether capital budgets and profiling reflect delivery capacity and prevailing market conditions.

- Whether the planned savings in the year have been set realistically, monitored effectively and were achieved.

#### **Vision, leadership and governance**

- Whether the Council has effective arrangements in place to support transparent and open decision making, including how options appraisals and business cases are presented to members to support effective scrutiny.
- Whether the leadership development has been embedded across the organisation and whether the impact of the leadership programme continues to be assessed on a regular basis, including the Council's ongoing approach to organisational culture and governance improvement.

#### **Use of resources to improve outcomes**

- Impact of the savings exercises and budget reductions on the quality of the delivery of the Council services.
- Whether the Council has effective arrangements in place to deliver major capital projects.
- Whether the Council reported its performance in line with the requirements of the Statutory Performance Indicators Direction applicable to 2025/26 to 2027-28.

## Coats Observatory Trust Fund

The Charities Accounts (Scotland) Regulations 2006 outline the accounting and auditing requirements for charitable bodies. The Regulations require an auditor to prepare a report to the charity trustees where an audit is required by any other enactment.

The Council's charitable trust is covered by the requirements of section 106 of the Local Government (Scotland) Act 1973 and consequently requires a full audit. Each registered charitable trust has required a full audit since 2013/14. The council has one registered charity – Coats Observatory Trust Fund.

### Significant risks at the financial statement level

The table below summarises the significant risk of material misstatement identified at the financial statement level. This risk is considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Identified risk of material misstatement	Audit approach
<p><b>Management override of controls (The Coats Observatory)</b></p> <p>Management is 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.</p> <p>Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk.</p> <p><b>Risk of material misstatement: Very High</b></p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> <li>• documenting our understanding of the journals posting process and evaluating the design and implementation effectiveness of management controls over journals;</li> <li>• analysing the journals listing and determining the criteria for selecting high risk and/or unusual journals;</li> <li>• testing high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval has been undertaken in line with the Trust's journals policy;</li> <li>• gaining an understanding of the key accounting estimates and critical</li> </ul>

Identified risk of material misstatement	Audit approach
Management override of controls (The Coats Observatory)	<p>judgements made by management. We will challenge assumptions and consider for reasonableness and indicators of bias which could result in material misstatement due to fraud; and</p> <ul style="list-style-type: none"><li>• valuating the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li></ul>

## Audit team, logistics and requirements

### Your core audit team

#### Engagement Director

**Rebecca Lister**

[Rebecca.Lister@azets.co.uk](mailto:Rebecca.Lister@azets.co.uk)

Rebecca is the key contact for senior management and has overall responsibility for the audit quality and the audit opinion.

#### Engagement Manager

**Adrian Kolodziej**

[Adrian.Kolodziej@azets.co.uk](mailto:Adrian.Kolodziej@azets.co.uk)

Adrian is responsible for the overall management of the audit and quality assurance of audit work. He is the key contact for the finance team management.

#### Engagement Assistant Manager

**Ava Campbell**

[Ava.Campbell@azets.co.uk](mailto:Ava.Campbell@azets.co.uk)

Ava leads the on and off-site audit visits. Ava is the key day-to-day contact for the finance team.

### Audit Timetable

The following timetable indicates the key milestones of the audit.

Event	Date
Audit planning work, including planning meetings	February 2026
Audit, Risk and Scrutiny Board to consider audit plan	March 2026
Best Value work	February – May 2026

Interim audit work	March 2026
Receipt of draft accounts	30 June 2026
Commencement of audit fieldwork	6 July 2026
Audit, Risk and Scrutiny Board to consider accounts and audit report	21 September 2026
Council meeting to approve accounts for signing	24 September 2026
Grant claims and returns: • Non domestic Rate Income return (NDRI) • Housing Benefit subsidy claim (HB)	31 December 2026

## Our expectations and requirements

For us to be able to complete our work in line with the agreed fee and timetable, we require the following:

- Draft financial statements to be produced to a good quality by the deadlines agreed with us. These should be complete including all notes, the management commentary, annual governance statement and the remuneration report;
- The provision of good quality working papers at the same time as the draft financial statements. These will be discussed in advance to ensure clarity over our expectations;
- The provision of agreed data reports at the start of the audit, fully reconciled to the values in the accounts, to facilitate our selection of samples for testing;
- Ensuring staff are available and on site (as agreed) during the period of the audit; and
- Prompt and sufficient responses to audit queries to minimise delays.

The audit process is underpinned by effective project management to co-ordinate and apply our resources efficiently to meet your deadlines. It is essential that the audit team and the Council's finance team work closely together to achieve the above timetable.

## Independence, objectivity and other services provided

The Ethical Standards and ISA (UK) 260 require us to give you full and fair disclosure of matters relating to our independence. In accordance with our profession's ethical requirements and further to our audit plan issued confirming audit arrangements we confirm that there are no further facts or matters that impact on our integrity, objectivity and independence as auditors that we are required or wish to draw to your attention. We consider an objective, reasonable and informed third party would take the same view.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements.

In particular:

Non-audit services: Separate teams within Azets provides the following services to two of the Council subsidiaries (Paisley Museum Reimagined Ltd, Renfrewshire Leisure Ltd): tax returns/compliance and preparation of the accounts. The fees for these services add up to c.£3,300.

We have considered the following threats to independence could be present as a result of non-audit services: self-review, self-interest, management. Accounts preparation services is a straightforward process of the client trial balances being imported and statutory accounts being produced. Any adjustments will be put forward to the clients management for approval before they are made. Accounts are prepared using clients trial balances, any adjustments are agreed with management before posting and second manager review of accounts will be undertaken.

We assess the risk of management, self-interest and self-review is mitigated due to the fact that the: audit of subsidiaries is performed by separate audit teams led by a different responsible individuals; preparation of the accounts is an admin task with no judgement applied and adjustment approved by management; impact on group audit of Paisley Museums Reimagined is not significant and normally the Council group audit team would perform specific procedures as required on pension asset of Renfrewshire Leisure Ltd; the fees for preparation of the accounts are significantly lower than audit fees.

We assess the risk of management, self-interest and self-review mitigated due to the fact that the separate team members work on the tax computation and audit which is reviewed by separate manager/partner/director. Tax fees are substantially lower than the audit fees.

- Contingent fees: No contingent fee arrangements are in place for any services provided.
- Gifts and hospitality: We have not identified any gifts or hospitality provided to, or received from, any member of the Council, senior management or staff.
- Relationships: We have no other relationships with the Council, its directors, senior managers and affiliates, and we are not aware of any former partners or staff being employed, or holding discussions in anticipation of employment, as a director, or in a senior management role covering financial, accounting or control related areas.

## Audit Fees

### The Group and the Council audit

The quality of audit work is an essential requirement in successfully delivering a fully compliant ISA and Code of Audit Practice audit. Audit Scotland sets an expected audit fee that assumes the body has sound governance arrangements in place, has been operating effectively throughout the year, prepares comprehensive and accurate unaudited accounts and meets the agreed timetable for audit.

The expected fee is reviewed by Audit Scotland each year, based on Audit Scotland's overall budget proposals. The budget proposal and fee levels (for the 2025/26 audits) have been developed in the context of a challenging economic financial environment and the challenges facing public services.

As auditors we negotiate a fee with the Council during the planning process. The fee may be varied above the expected fee level to reflect the circumstances and local risks within the body.

The expected fee for auditor remuneration set by Audit Scotland for the 2025/26 audit of the Renfrewshire Council is £311,220. We have proposed an increase of 10% due to additional work required in relation to the group specific scope procedures, quality and complexity of the working papers, additional procedures in relation to payroll testing, and heightened scrutiny over significant risk areas and the need to meet increasing audit quality and regulatory standards

It is our policy to bill for overruns or scope extensions e.g., where we have incurred delays, deliverables have been late or of poor quality, where key personnel have not been available, or we have been asked to do extra work.

	2025/26 (£s)	2024/25 (£s)
Auditor remuneration (expected fee level)	311,220	299,830
Auditor remuneration (above expected fee level for additional areas noted above)	31,120	38,464
Pooled costs	10,730	7,530
Contribution to PABV costs	81,090	79,800
Sectoral cap adjustment	65,430	61,830
<b>Total fee</b>	<b>499,590</b>	<b>487,454</b>

We will take account of the risk exposure of the Council and the management assurances in place. We assume receipt of the draft working papers at the outset of our on-site final audit visit. If the draft accounts and papers are late, or agreed management assurances are

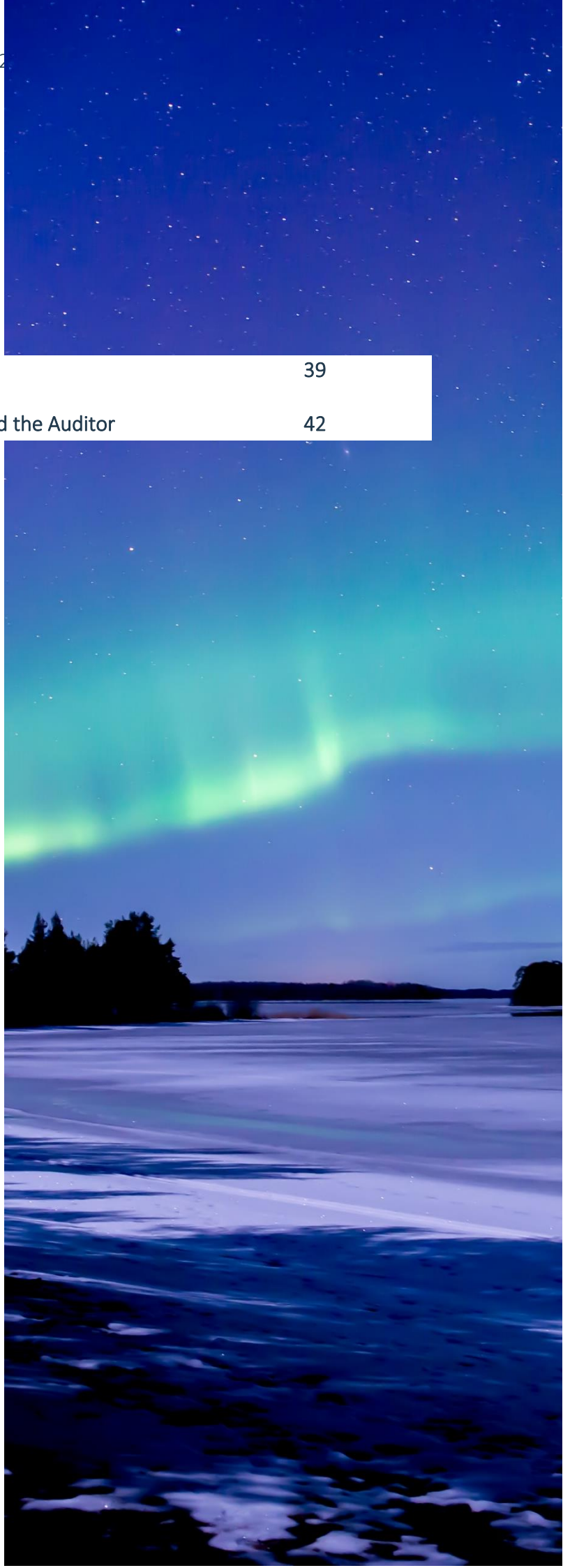
unavailable, we reserve the right to charge an additional fee for additional audit work. An additional fee will be required in relation to any other significant exercises not within our planned audit activity.

**Renfrewshire Council Charitable Trust (Coats Observatory) audit**

The audit fee in the table above does not include the cost of auditing charitable trust fund. We propose setting the audit fee for the audit of the charitable trust at £6,760 which represents 4.3% increase in line with Audit Scotland notification.

## Appendices

Appendix 1: Materiality	39
Appendix 2: Responsibilities of the Council and the Auditor	42



## Appendix 1: Materiality

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

Under ISA (UK) 260 we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the Council and the needs of the users.

When planning, we make professional judgements about the size of misstatements which we consider to be material, based on our knowledge of the Council, considering factors such as financial stability, expectations of readers and stakeholders, sector developments and financial reporting requirements. In determining materiality we consider the level of misstatement that could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Our assessment, at the planning stage, of materiality for the year ended 31 March 2026 was calculated as follows.

### Group and Council Materiality

	Group Materiality £	Council Materiality £
Overall materiality for the financial statements	18,100,000	18,000,000
Performance materiality (75% of materiality)	13,575,000	13,500,000
Trivial threshold	905,000	900,000
<b>Materiality</b>	Our initial assessment is based on approximately 2% of the Council's gross expenditure as disclosed in the 2024/25 audited annual accounts. We consider this to be the principal consideration for the users of the financial statements when assessing financial performance of the Council. The financial statements are considered to be materially misstated where total errors exceed this value.	
<b>Performance materiality</b>	75% of materiality	

	<p>Performance materiality is the working level of materiality used throughout the audit. We use performance materiality to determine the nature, timing and extent of audit procedures carried out. We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means that we perform a greater level of testing on the areas deemed to be at significant risk of material misstatement.</p> <p>Performance materiality is set at a value less than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of the uncorrected and undetected misstatements exceed overall materiality.</p>
<b>Trivial threshold</b>	<p>5% of overall materiality</p> <p>Trivial misstatements are matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p> <p>Individual errors above this threshold are communicated to those charged with governance.</p>

We also consider whether any specific items of account require a separate, lower materiality. We have determined that no specific materiality levels needed to be set for this audit.

### Common Good Funds and Coats Observatory Materiality

The Council maintains three Common Good funds, which were deregistered as charities two years ago and do not require a separate audit opinion. However, we set out separate materiality levels for these funds as these will be specifically covered by the Renfrewshire Council auditor's opinion and are shown as a separate statement in the Council's financial statements.

	Overall Materiality £	Performance Materiality £	Trivial Threshold £
CGF Paisley	197,000	147,750	9,850
CGF Johnstone	1,500	1,125	100
CGF Renfrew	1,104,000	828,000	55,200
Coats Observatory Trust	55,000	41,250	2,750

Overall materiality: our assessment is based on approximately 3% of net assets. We consider this benchmark to be the principal consideration for the users of the financial statements when assessing the performance of each charitable trust. Performance materiality: Using our

professional judgement we have calculated performance materiality at approximately 75% of overall materiality. Trivial threshold: 5% of overall materiality for the financial statements, with the Johnstone Fund rounded up to £100.

## Appendix 2: Responsibilities of the Council and the Auditor

### The Council's responsibilities

The Council has primary responsibility for ensuring the 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 the following:

Area	Council responsibilities
<b>Corporate governance</b>	<p>The Council is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Those charged with governance should be involved in monitoring these arrangements.</p>
<b>Financial statements and related reports</b>	<p>The Council has responsibility for:</p> <ul style="list-style-type: none"> <li>• preparing financial statements which give a true and fair view of the financial position and its expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation;</li> <li>• maintaining accounting records and working papers that have been prepared to an acceptable professional standard and support the balances and transactions in its financial statements and related disclosures;</li> <li>• ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority; and</li> <li>• preparing and publishing, along with the financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report in accordance with prescribed requirements.</li> </ul> <p>Management commentaries should be fair, balanced and understandable. Management is responsible, with the oversight of those charged with governance, for communicating relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial</p>

Area	Council responsibilities
	<p>reporting framework. The relevant information should be communicated clearly and concisely.</p> <p>The Council is responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of its objectives and safeguard and secure value for money from the public funds at its disposal. The Council is also responsible for establishing effective and appropriate internal audit and risk-management functions.</p>
<b>Standards of conduct for prevention and detection of fraud and error</b>	<p>The Council is responsible for establishing arrangements to prevent and detect fraud, error and irregularities, bribery and corruption and also to ensure that its affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.</p>
<b>Financial position</b>	<p>The Council is responsible for putting in place proper arrangements to ensure the financial position is soundly based having regard to:</p> <ul style="list-style-type: none"> <li>• Such financial monitoring and reporting arrangements as may be specified;</li> <li>• Compliance with statutory financial requirements and achievement of financial targets;</li> <li>• Balances and reserves, including strategies about levels and their future use;</li> <li>• Plans to deal with uncertainty in the medium and long term; and</li> <li>• The impact of planned future policies and foreseeable developments on the financial position.</li> </ul>
<b>Best value</b>	<p>The Council has a specific responsibility to make arrangements to secure Best Value. Best Value is defined as continuous improvement in the performance of the body's functions. In securing Best Value, the local government body is required to maintain an appropriate balance among:</p> <ul style="list-style-type: none"> <li>• The quality of its performance of its functions</li> <li>• The cost to the body of that performance</li> <li>• The cost to persons of any service provided by it for them on a wholly or partly rechargeable basis.</li> </ul> <p>In maintaining that balance, the Council shall have regard to:</p> <ul style="list-style-type: none"> <li>• Efficiency</li> </ul>

Area	Council responsibilities
	<ul style="list-style-type: none"><li>• Effectiveness</li><li>• Economy</li><li>• The need to meet the equal opportunity requirements.</li></ul> <p>The Council should discharge its duties in a way which contributes to the achievement of sustainable development.</p> <p>Specified audited bodies are required to prepare and publish performance information in accordance with Directions issued by the Accounts Commission.</p>

## The Accounts Commission, Controller of Audit and Audit Scotland

The Accounts Commission is an independent public body. Its members are appointed by Scottish Ministers and are responsible for holding local government to account.

Under statute, the Accounts Commission appoints a Controller of Audit to consider the results of the audit of accounts, including the wider-scope responsibilities and Best Value auditing. The Controller of Audit makes reports to the Accounts Commission on matters arising from the accounts and on Best Value and acts independently of the Accounts Commission when reporting to it.

Audit Scotland is an independent statutory body that co-ordinates and supports the delivery of high-quality public sector audit in Scotland. Audit Scotland oversees the appointment and performance of auditors, provides technical support, delivers performance audit and Best Value work programmes and undertakes financial audits of public bodies.

### Auditor responsibilities

#### Code of Audit Practice

The Code of Audit Practice ([the Code](#)) describes the high-level, principles-based purpose and scope of public audit in Scotland.

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

#### Our responsibilities

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

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

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

#### Wider scope audit work

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

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

---

## Financial Management



Financial management means having sound budgetary processes. Audited bodies require to understand the financial environment and whether their internal controls are operating effectively.

### Auditor considerations

Auditors consider whether the body has effective arrangements to secure sound financial management. This includes the strength of the financial management culture, accountability, and arrangements to prevent and detect fraud, error and other irregularities.



## Financial sustainability

Financial sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

### Auditor considerations

Auditors consider the extent to which audited bodies show regard to financial sustainability. They look ahead to the medium term (two to five years) and longer term (over five years) to consider whether the body is planning effectively so it can continue to deliver services.

---

---

## Vision, leadership and governance



Audited bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

### Auditor considerations

Auditors consider the clarity of plans to implement the vision, strategy and priorities adopted by the leaders of the audited body. Auditors also consider the effectiveness of governance arrangements for delivery, including openness and transparency of decision-making; robustness of scrutiny and shared working arrangements; and reporting of decisions and outcomes, and financial and performance information.

---

## 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.

### Auditor considerations

Auditors consider the clarity of arrangements in place to ensure that resources are deployed to improve strategic outcomes, meet the needs of service users taking account of inequalities, and deliver continuous improvement in priority services.

---

## Best Value

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

Our work in respect of the Council's best value arrangements is integrated into our audit approach, including our work on the wider scope areas as set out in this plan.

## Audit quality

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

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

The most recent audit quality report can be found at [Quality of public audit in Scotland: Annual report 2024/25 | Audit Scotland](#)



© Azets 2026. All rights reserved. Azets refers to Azets Audit Services Limited. Registered in England & Wales Registered No. 09652677. VAT Registration No. 219 0608 22. Registered to carry on audit work in the UK and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales.

**Moving forward with confidence**

