

North Lanarkshire Council

Annual Audit Plan



 AUDIT SCOTLAND

Prepared for North Lanarkshire Council
March 2024

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Introduction

Summary of planned audit work

1. John Boyd has been appointed by the Accounts Commission as external auditor of North Lanarkshire Council for the period from 2022/23 until 2026/27. The 2023/24 financial year is therefore the second of his five-year audit appointment. A brief biography of the audit team is provided at [Appendix 1](#).

2. This document summarises the work plan for the 2023/24 audit. 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, the 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
- consideration of Best Value arrangements
- providing assurance on the Housing Benefit Subsidy Claim, Non-Domestic Rates Return, and the Whole of Government Accounts (WGA) return
- review of North Lanarkshire Council's arrangements for preparing and publishing statutory performance information
- provision of an Independent Auditor's Report expressing my opinions on the different elements of the annual accounts and an Annual Audit Report setting out conclusions on the wide scope areas.

Respective responsibilities of the auditor and Audited Body

3. The [Code of Audit Practice](#) sets out in detail the respective responsibilities of the auditor and North Lanarkshire Council. Key responsibilities are summarised below.

Auditor responsibilities

4. The auditor's responsibilities are established by the Local Government (Scotland) Act 1973 and the Code of Audit Practice (including [supplementary guidance](#)) and guided by the Financial Reporting Council's Ethical Standard.

5. Auditors in the public sector give an independent opinion on the financial statements and other information within the annual accounts. We also review and report on the wider scope arrangements in place at North Lanarkshire Council. In doing this, we aim to support improvement and accountability.

North Lanarkshire Council responsibilities

6. North Lanarkshire Council is responsible for maintaining adequate accounting records and internal controls, and preparing financial statements for audit that give a true and fair view. They are also required to produce other reports in the annual accounts in accordance with statutory requirements.

7. North Lanarkshire Council has the 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 enable them to deliver their objectives.

Adding Value

8. Throughout the audit we aim to add value by: tailoring audit work to the circumstances of North Lanarkshire Council and the audit risks identified; being constructive and forward looking; providing independent conclusions; attending meetings of the Audit and Scrutiny Panel; and by recommending and encouraging good practice. In so doing, we will help North Lanarkshire Council promote improved standards of governance, better management and decision making, and more effective use of resources.

Annual accounts

Introduction

9. The annual accounts are an essential part of demonstrating North Lanarkshire Council's stewardship of resources and its performance in the use of those resources.

10. The appointed auditor is required to perform an audit of the financial statements, consider other information within the annual accounts, and express a number of audit opinions in an Independent Auditor's Report in accordance with International Standards on Auditing (ISAs) in the UK, Practice Note 10 from the Public Audit Forum which interprets the ISAs for the public sector, and guidance from Audit Scotland.

11. We focus our work on the areas of highest risk. As part of our planning process, we perform a risk assessment highlighting the audit risks relating to each of the main financial systems relevant to the production of the financial statements.

Materiality

12. The concept of materiality is applied by auditors in planning and performing the audit, and in evaluating the effect of any uncorrected misstatements on the financial statements. We plan the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The assessment of what is material is a matter of professional judgement over both the amount and the nature of the misstatement.

Materiality levels for the 2023/24 audit

13. We assess materiality at different levels as described in [Exhibit 1](#). The materiality values for North Lanarkshire Council and its group are set out in [Exhibit 1](#).

Exhibit 1

2023/24 Materiality levels for Audited Body and its group

| Materiality | Council | Group |
|---|---------------|---------------|
| <p>Planning materiality – This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. Materiality has been set based on our assessment of the needs of the users of the financial statements and the nature of the North Lanarkshire Council's operations. For the year ended 31 March 2024, we have set our materiality at 2% of gross expenditure, adjusted for IJB contributions, based on the audited financial statements for 2022/23.</p> | £26.0 million | £26.1 million |

| | | |
|--|---------------|---------------|
| Performance materiality – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality, this could indicate that further audit procedures are required. Using our professional judgement, we have assessed performance materiality at 70% of planning materiality. | £18.3 million | £18.3 million |
|--|---------------|---------------|

| | | |
|--|--------------|--------------|
| Reporting threshold (i.e. clearly trivial) – We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount. | £1.3 million | £1.3 million |
|--|--------------|--------------|

Source: Audit Scotland

Significant risks of material misstatement to the financial statements

14. Our risk assessment draws on our cumulative knowledge of the North Lanarkshire Council, its major transaction streams, key systems of internal control, and risk management processes. It is informed by our discussions with management, meetings with internal audit, attendance at committees, and a review of supporting information.

15. Audit risk assessment is an iterative and dynamic process. Our assessment of risks set out in this plan may change as more information and evidence becomes available during the progress of the audit. Where such changes occur, we will advise management, and where relevant, report them to those charged with governance.

16. Based on our risk assessment process, we identified the following significant risks of material misstatement to the financial statements. These are risks which have the greatest impact on our planned audit procedures. [Exhibit 2](#) summarises the nature of the risks, management's sources of assurance over these risks, and the further audit procedures we plan to perform to gain assurance over the risks.

Exhibit 2

2023/24 Significant risks of material misstatement to the financial statements

| Significant risk of material misstatement | Management's sources of assurance | Planned audit response |
|--|---|---|
| <p>1. Risk of material misstatement due to fraud caused by management override of controls</p> <p>As stated in ISA (UK) 240, management is in a</p> | <p>Owing to the nature of this risk, assurances from management are not applicable in this instance</p> | <ul style="list-style-type: none"> Assess the design and implementation of controls over journal entry processing. Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. |

| Significant risk of material misstatement | Management's sources of assurance | Planned audit response |
|--|--|--|
| <p>unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p> | | <ul style="list-style-type: none"> • Test journals and other adjustments at the year-end and post-closing entries and focus on significant risk areas. • Consider the need to test journal entries and other adjustments throughout the year where these are indicative of increased risk of management override. • Evaluate significant transactions outside the normal course of business. • Assess the adequacy of controls in place for identifying and disclosing related party relationship and transactions in the financial statements. • We will assess any changes to the methods and underlying assumptions used to prepare significant accounting estimates compared to the prior year. |
| <p>2. Valuation of land and buildings.</p> <p>The Council held land and buildings with a NBV of £2,815 million at 31 March 2023. There is a significant degree of subjectivity in the valuation of land and buildings. Valuations are based on specialist and management assumptions, and changes in these can result in material changes to valuations.</p> <p>Valuations should reflect conditions at 31 March 2024 including those subject to valuation, those valued earlier in the year and those not re-valued. There is a risk at the carrying value</p> | <ul style="list-style-type: none"> • Discussions with external valuer's and management. • Valuations carried out every five years as part of the rolling revaluation programme. • Detailed working papers to support year end reconciliation of assets to assess valuations, asset reviews and impairments. | <ul style="list-style-type: none"> • Review the information provided to the external valuer to assess for completeness and accuracy. • Evaluate the competence, capabilities, and objectivity of the professional valuer. • Obtain an understanding of the management's involvement in the valuation process to ensure there is appropriate control and oversight of the valuation process. • Critically assess the approach North Lanarkshire Council has adopted to assess the risk that assets not subject to valuation are materially misstated and consider the robustness of that approach. • Challenge management's assessment of why it considers that the land and buildings not revalued in 2023/24 are not materially misstated. We will critically assess the appropriateness of any assumptions. • Review the reconciliation between the financial ledger and the property asset register. • Critically assess the adequacy of North Lanarkshire Council's disclosures regarding the assumptions in relation to the valuation of land and buildings. |

| Significant risk of material misstatement | Management's sources of assurance | Planned audit response |
|---|-----------------------------------|------------------------|
| of land and buildings does not reflect the current value as at 31 March 2024. | | |

Source: Audit Scotland

17. As set out in ISA (UK) 240: *The auditor's responsibilities relating to fraud in an audit of financial statement*, there is a presumed risk of fraud over the recognition of revenue. There is a risk that revenue may be misstated resulting in a material misstatement in the financial statements.

18. We have rebutted this risk as funding received from Scottish Government is clearly communicated and can be readily agreed to third party confirmations. In addition, North Lanarkshire Council's other income streams comprise of a high volume of low value transactions, and we have concluded there is limited opportunity or incentive to manipulate the recognition of income in the financial statements.

19. In line with Practice Note 10: *Audit of financial statements and regularity of public sector bodies in the United Kingdom*, as most public-sector bodies are net spending bodies, the risk of material misstatement due to fraud related to expenditure recognition may in some cases be greater than the risk relating to revenue recognition.

20. We have rebutted this risk as the main expenditure streams of North Lanarkshire Council can be readily forecast based on a predictable pattern of spend and mainly comprise a high volume of relatively low value items. We also consider there to be limited incentive and opportunity for the manipulation of expenditure recognition in the financial statements.

21. We have not, therefore, incorporated specific work into our audit plan in these areas over and above our standard audit procedures.

Other areas of audit focus

22. As part of our assessment of audit risks, we have identified one risk of material misstatement to the financial statements. Based on our assessment of the likelihood and magnitude of the risk, we do not consider this to represent a significant risk. We will keep this area under review as our audit progresses.

23. The risk of material misstatement is:

- The pension valuation due to the material value and significant assumptions used in the calculation. We will utilise the work of PwC as auditor expert in assessing the reasonableness of the methodology

used and assumptions made by the Council's actuary, Hymans Robertson LLP, in arriving at the IAS 19 pension valuation as at 31 March 2024.

24. As part of our risk assessment, we have also identified the following areas where further work will be performed. These are not audit risks but areas we will keep under review:

- IFRS 16 takes effect for local government bodies from 2024/25. This will change the way in which the Council accounts for operating leases, including recognising assets and liabilities for the rights and obligations arising from leases previously classified as operating leases. We will assess the Council's preparedness for this and review any disclosure made in relation to the new standard in line with guidance.
- The statutory override relating to valuation of infrastructure assets is due to end for the 2024/25 financial statements. We will review the progress made by the Council in preparing for this.

Group Consideration

25. As group auditors, we are required under ISA (UK) 600: *Audits of group financial statements (including the work of component auditors)* to obtain sufficient appropriate audit evidence on which to base our audit opinion on the group financial statements.

26. Alongside North Lanarkshire Council, North Lanarkshire Council has a group which comprises the following component entities:

| North Lanarkshire Council Group Structure | Assessment of significance | Audit approach |
|---|---|---|
| Subsidiaries | | |
| North Lanarkshire Properties LLP | Non – significant but investment properties value are material to the NLC group | Valuation of investment properties identified as area of audit focus. Assurance will be updated via a component auditor questionnaire and review and evaluation of the component auditor's work (for valuations). |
| Fusion Assets Limited | Non-significant and not material | Analytical procedures and agreement to Council's records |
| Joint Ventures | | |

| | | |
|--|----------------------------------|--|
| North Lanarkshire Integration Joint Board | Significant and material | The IJB is audited by the same engagement lead. |
| Amey Public Services LLP | Non-significant and not material | Analytical procedures |
| Mears Scotland LLP | Non-significant but material | Analytical procedure and component auditor questionnaire |
| Associates | | |
| Strathclyde Partnership for Transport (SPT) | Non-significant but material | Analytical procedure and component auditor questionnaire |
| Strathclyde Concessionary Travel Joint Board (SCTJB) | Non-significant and not material | Analytical procedures |
| Dunbartonshire Educational Trust Scheme 1962 | Non-significant and not material | Analytical procedures |
| Lanarkshire Valuation Joint Board (LVJB) | Non-significant and not material | Analytical procedures |
| Routes to Work Limited | Non-significant and not material | Analytical procedures |
| Source: Audit Scotland | | |

27. We will obtain sufficient appropriate audit evidence in relation to the consolidation process and the financial information of the components on which to base our group audit opinion.

Audit of the trusts registered as Scottish charities

28. The Charities Accounts (Scotland) Regulations 2006 require charities to prepare annual accounts and require an accompanying auditor's report where any legislation requires an audit. The Local Government (Scotland) Act 1973

specifies the audit requirements for any trust fund where some or all members of a council are the sole trustees. Therefore, a full and separate audit and Independent Auditor's Report is required for each registered charity where members of the council are sole trustees, irrespective of the size of the charity.

29. Officers and members of North Lanarkshire Council are trustees for the JC McNaught Poor Children's Holiday Fund and the North Lanarkshire Council Educational Endowments trusts which are registered as Scottish charities, with total assets of £1.7 million. The preparation and audit of financial statements of registered charities is regulated by the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

30. Other than a significant risk of management override of controls, which has also been identified as a significant risk in respect of the council's annual accounts, no specific planning risks were identified in respect of the charity's accounts.

Materiality levels for the 2023/24 audit of trusts registered as Scottish charities

31. Materiality levels for the various trusts are set out in [Exhibit 3](#).

Exhibit 3

2023/24 Materiality levels for charitable trusts

| Charitable trust | Planning Materiality | Performance Materiality | Reporting Threshold |
|--|--|--|---------------------|
| JC McNaught Poor Children's Holiday Fund | £153 (Based on 2% of audited 2022/23 net asset value) | £115 (Based on 75% of planning materiality) | £8 |
| North Lanarkshire Council Educational Endowments trusts | £585 (Based on 2% gross expenditure) | £439 (Based on 75% of planning materiality) | £29 |

Source: Audit Scotland

Wider Scope and Best Value

Introduction

32. Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector. The Code of Audit Practice sets out the four areas that frame the wider scope of public sector audit, and requires auditors to consider and conclude on the effectiveness and appropriateness of the arrangements in place for each wider scope area in audited bodies.

33. In summary, the four wider scope areas are:

- **Financial management** – this means having sound budgetary processes. We will consider the arrangements to secure sound financial management, including the strength of the financial management culture, accountability, and arrangements to prevent and detect fraud, error, and other irregularities.
- **Financial sustainability** – we will look ahead to consider whether the body is planning effectively to continue to deliver services, also comment on financial sustainability in the medium (two to five years) to longer term (longer than five years).
- **Vision, leadership, and governance** – we conclude on the clarity of plans in place to deliver the vision, strategy, and priorities adopted by North Lanarkshire Council. We also consider the effectiveness of the governance arrangements to support delivery.
- **Use of resources to improve outcomes** – we will consider how North Lanarkshire Council demonstrates economy, efficiency, and effectiveness through the use of financial and other resources.

Wider scope risks

34. We have identified significant risks in the wider scope areas set out in [Exhibit 4](#). This exhibit sets out the risks, management's sources of assurance for the risks, and the further audit procedures we plan to perform to gain assurances over the risks.

Exhibit 4**2023/24 wider scope risks**

| Description of risk | Management's sources of assurance | Planned audit response |
|---|---|--|
| <p>1. Financial sustainability</p> <p>North Lanarkshire Council continues to operate in an increasingly complex and challenging environment where it aims to provide the best possible services within the resources available.</p> <p>Although a surplus position of £13.2 million is projected for 2023/24, the Council has identified a gap of £29 million for the three years to 2026/27.</p> <p>Ongoing pressures in the capital programme also present a challenge to the Council through inflation and increased material costs. There is a risk that re-profiling of projects could impact on medium to longer terms service delivery plans.</p> <p>There is a risk that the Council does not have robust plans to identify and deliver the required savings to address the projected shortfall.</p> | <ul style="list-style-type: none"> • Regular budget monitoring and reporting • Regular scrutiny of financial plans at governance committees | <ul style="list-style-type: none"> • Review and evaluate the Council's annual budget setting arrangements. • Review and evaluate of the Council's budget monitoring arrangements. • Review and evaluate of the Council's medium to long term financial planning. • Ongoing review of the Council's financial position and delivery of planned savings. |
| <p>2. Financial governance and decision making to achieve financial sustainability</p> <p>Officers have identified the level of savings which will be required in the three years to 2026/27 to address the projected funding gap. Savings plans will be developed to support delivery of these.</p> <p>In our Annual Audit Report for 2022/23, we noted that Council quickly reversed a significant decision undertaken by the Policy and Strategy Committee to close a number of leisure and community facilities to achieve a financial sustainable operating model. The</p> | <ul style="list-style-type: none"> • Regular budget monitoring and reporting • Regular scrutiny of financial plans at governance committees | <ul style="list-style-type: none"> • Review and evaluate the Council's annual budget setting arrangements and medium to long term financial planning. • Review and evaluate the Council's processes to identify and monitor savings. • Ongoing review of papers and minutes. • Ongoing attendance at relevant Committees. |

| Description of risk | Management's sources of assurance | Planned audit response |
|--|---|---|
| <p>original decision to close the facilities highlighted the significant challenges facing the Council and the reversal requires alternative areas of savings or disinvestment to be identified.</p> <p>There is a risk that the Council will not take the difficult decisions necessary to achieve financial sustainability. Where decisions are not taken or are later reversed, there is a risk that planned savings will not be achieved and this could impact on the financial resilience of the Council.</p> | | |
| <p>3. Impact on performance and service delivery resulting from achievement of financial sustainability</p> <p>A significant level of savings will be required over the next three financial years for North Lanarkshire Council to address the funding gaps identified.</p> <p>In our Best Value thematic report for 2023, we noted some positive trends in performance with challenges remaining in areas such as child poverty, unemployment and educational attainment.</p> <p>There is a risk that decisions undertaken to achieve savings will impact on service delivery and the Council's ability to achieve the aims and objectives of the Plan for North Lanarkshire and the Programme of Work which supports this.</p> | <ul style="list-style-type: none"> • Regular budget monitoring and reporting • Regular scrutiny of financial plans at governance committees | <ul style="list-style-type: none"> • Review and evaluate performance monitoring arrangements and monitoring. • Review and evaluate the Council's processes to identify and monitor savings. • Ongoing review of papers, minutes and media. • Ongoing attendance at relevant Committees. |

Source: Audit Scotland

35. Our planned work on the wider scope areas is risk based and proportionate, and in addition to local risks, we may be asked by the Accounts Commission to

consider specific risk areas which are impacting the public sector as a whole. We have not been asked to consider specific risks for 2023/24 audits, but we will remain cognisant of challenges identified in prior years such as climate change.

Best Value

36. Under the Code of Audit Practice, the audit of Best Value in councils is fully integrated within our annual audit work. Auditors are required to evaluate and report on the performance of councils in meeting their Best Value duties.

37. The arrangements to secure Best Value at North Lanarkshire Council will be assessed over the period of the audit appointment and will include an annual evaluation of risks and improvement areas and public performance reporting. We will also follow up findings reported previously on Best Value to assess the pace and depth of improvement. This work will be integrated with the wider scope audit areas discussed above.

38. As part of our annual work on Best Value, we conduct thematic reviews as directed by the Accounts Commission. In 2023/24, the thematic review across the sector will be on workforce innovation and will consider how councils are responding to the current workforce challenge through building capacity, increasing productivity, and innovation. Our conclusions and judgements will be reported in a separate report to management and summarised in our Annual Audit Report.

39. At least once every five years, the Controller of Audit will report to the Accounts Commission on North Lanarkshire Council's performance in meeting its Best Value duties. The second year of the programme is from October 2024 to August 2025. North Lanarkshire Council is not included in that programme.

Reporting arrangements, timetable, and audit fee

Reporting arrangements

40. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft reports will be shared with the relevant officers to confirm factual accuracy.

41. We will provide:

- an Independent Auditor's Report to North Lanarkshire Council and the Accounts Commission setting out our opinions on the annual accounts
- North Lanarkshire Council and the Accounts Commission with an Annual Audit Report containing observations and recommendations on significant matters which have arisen during the audit and conclusions on wider scope areas.

42. [Exhibit 5](#) outlines the target dates for our audit outputs set by the Accounts Commission. In determining the target reporting date, due regard is paid to the dates for approving the annual accounts set out in regulations of 30 September 2024.

43. We plan to issue our Independent Auditor's Report and Annual Audit Report by the target date.

Exhibit 5 2023/24 Audit outputs

| Audit Output | Target date | Audit and Scrutiny Panel Date |
|------------------------------|-------------|-------------------------------|
| Annual Audit Plan | 31/03/2024 | 26/02/2024 |
| Best Value Management Report | 30/09/2024 | 29/08/2024 |
| Independent Auditor's Report | 30/09/2024 | TBC |
| Annual Audit Report | 30/09/2024 | TBC |

Source: Audit Scotland

44. All Annual Audit Plans and the outputs detailed in [Exhibit 5](#), and any other outputs on matters of public interest, will be published on our website: www.audit-scotland.gov.uk.



Timetable

45. To support an efficient audit, it is critical that the timetable for producing the annual accounts for audit is achieved. We have included a proposed timetable for the audit at [Exhibit 6](#) that has been discussed with management.

46. We will continue to work closely with management to identify the most efficient approach as appropriate and will keep timeframes and logistics for the completion of the audit under review. Progress will be discussed with management and finance officers over the course of the audit.

Exhibit 6

Proposed annual accounts timetable

|  Key stage |  Provisional Date |
|---|--|
| Consideration of the unaudited annual accounts by those charged with governance | June 2024 |
| Latest submission date for the receipt of the unaudited annual accounts with complete working papers package. | 30 June 2024 |
| Latest date for final clearance meeting with the Chief Officer of Financial Solutions | TBC |
| Issue of draft Letter of Representation and proposed Independent Auditor's Report | TBC |
| Agreement of audited and unsigned annual accounts | 30 September 2024 |
| Issue of Annual Audit Report to those charged with governance. | 30 September 2024 |
| Signed Independent Auditor's Report | 30 September 2024 |
| Certified Non-Domestic Rates Return | TBC |
| Certified Housing Benefit subsidy claim | TBC |

Source: Audit Scotland

Audit fee

47. In determining the audit fee, we have taken account of the risk exposure of North Lanarkshire Council and the planned management assurances in place. Fee levels are also impacted by inflation which increases the cost of audit delivery. The agreed audit fee for 2023/24 is £639,800 as set out in [Exhibit 7](#).

Exhibit 7**Audit fees (including VAT)**

| Fee component | Fees (£) |
|--|-----------------|
| External Auditor Remuneration | 377,700 |
| Pooled costs | 13,770 |
| Contribution to Audit Scotland costs | 0 |
| Contribution to Performance and Best Value | 121,050 |
| Sectoral Cap Adjustment | 127,280 |
| 2023/24 Audit fee | 639,800 |
| Audit of Charitable Trusts | 4,186 |
| Total 2023/24 fee | 643,986 |

Source: Audit Scotland

48. In setting the fee for 2023/24, we have assumed that North Lanarkshire Council has effective governance arrangements and will prepare a comprehensive and accurate set of annual accounts for audit in line with the agreed timetable for the audit. The audit fee assumes there will be no major change in respect of the scope of the audit during the year and where our audit cannot proceed as planned, a supplementary fee may be levied.

Other matters

Internal audit

49. It is the responsibility of North Lanarkshire Council to establish adequate internal audit arrangements. We will review the internal audit plan and the results of internal audit's work.

50. While we are not planning to place formal reliance on the work of internal audit in 2023/24, we will review internal audit reports and assess the impact of the findings on our financial statements and wider scope audit responsibilities.

Independence and objectivity

51. The audit team is independent of North Lanarkshire Council in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. This standard imposes stringent rules to ensure the independence and objectivity of auditors.

52. Audit Scotland has robust arrangements in place to ensure compliance with Ethical Standard including an annual *'fit and proper'* declaration for all members of staff. The arrangements are overseen by the Executive Director of Innovation and Quality, who serves as Audit Scotland's Ethics Partner.

53. The Ethical Standard requires auditors to communicate any relationships that may affect the independence and objectivity of the audit team. We are not aware of any such relationships pertaining to the audit of North Lanarkshire Council.

Audit Quality

54. Audit Scotland is committed to the consistent delivery of high-quality public audit. Audit quality requires ongoing attention and improvement to keep pace with external and internal changes. A document explaining the arrangements for providing assurance on the delivery of high-quality audits is available from the [Audit Scotland website](#).

55. The International Standards on Quality Management (ISQM) applicable to Audit Scotland for 2023/24 audits are:

- ISQM (UK) 1 which deals with an audit organisation's responsibilities to design, implement and operate a system of quality management (SoQM) for audits. Our SoQM consists of a variety of components, such as: our governance arrangements and culture to support audit quality, compliance with ethical requirements, ensuring we are dedicated to high-quality audit through our engagement performance and resourcing arrangements, and ensuring we have robust quality monitoring

arrangements in place. Audit Scotland carries out an annual evaluation of our SoQM and has concluded that we comply with this standard.

- ISQM (UK) 2 which sets out arrangements for conducting engagement quality reviews, which are performed by senior management not involved in the audit to review significant judgements and conclusions reached by the audit team, and the appropriateness of proposed audit opinions of high-risk audit engagements.

56. To monitor quality at an individual audit level, Audit Scotland also carries out internal quality reviews of a sample of audits. Additionally, the Institute of Chartered Accountants of England and Wales (ICAEW) carries out independent quality reviews.

57. Actions to address deficiencies identified by internal and external quality reviews are included in a rolling Quality Improvement Action Plan which is used to support continuous improvement. Progress with implementing planned actions is regularly monitored by Audit Scotland's Quality and Ethics Committee.

58. Audit Scotland may periodically seek your views on the quality of our service provision. The team would also welcome feedback more informally at any time.

Appendix 1: Your audit team

59. The audit team involved in the audit of North Lanarkshire Council have significant experience in public sector audit.

John Boyd
Audit Director
JBoyd@audit-scotland.gov.uk

John has overall responsibility for the Audit Engagement. He has considerable audit experience across public sector audits including local government, IJB, pension, health and central government sectors. John is the Audit Scotland Audit Services Group Lead for local authority audit and is a member of the Local Authority (Scotland) Accounting Advisory Committee (LASAAC).

Pauline Murray
Senior Audit Manager
PMurray@audit-scotland.gov.uk

Pauline has over 15 years of public sector audit experience and has delivered external audit services to a range of bodies including local authorities, health boards and central government bodies.

Karla Graham
Senior Auditor
kgraham@audit-scotland.gov.uk

Karla has considerable experience in planning and delivering audits. Karla will manage the team and work alongside the Senior Audit Manager and Audit Director to deliver the audit.

Claire Tennyson
Best Value Auditor
ctennyson@audit-scotland.gov.uk

Claire has experience across a range of local government and central government audits, including Best Value audits and annual overview reporting. Claire will work the core team and lead on the work for the BV Thematic in 2024.

60. The local audit team is supported by a specialist technical accounting team, all of whom have significant experience of public bodies and work with accounting regulatory bodies.

North Lanarkshire Council

Annual Audit Plan 2023/24

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