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Clyde Valley Learning and Development Joint Committee

26 January 2024

Update on the 2023/24 audit of Clyde Valley Learning and Development Joint Committee

1. The purpose of this letter is to provide members with an update on the 2023/24 audit of Clyde Valley Learning and Development Joint Committee (CVLDJC).
2. Our planning work on the 2023/24 audit of CVLDJC is at an early stage. Therefore, we are not able to present our Annual Audit Plan at the CVLDJC meeting on 12 February 2024. We have included this Audit Strategy Letter to update members on progress and highlight key audit matters. Following the conclusion of our audit planning procedures, we will issue a copy of the Annual Audit Plan to officers and members of the CVLDJC by 31 March 2024.

Risks

3. Our preliminary planning work has identified the following significant risks that requires specific audit considerations.
 - **Risk of material misstatement due to management override of controls:** International Standard on Auditing 240 (ISA 240) require that audits are planned to consider the risk of material misstatement in the financial statements caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of fraud due to the management override of controls to change the position disclosed in the financial statements.
4. ISA 240 presumes a risk of fraud in revenue recognition which is extended to expenditure by Practice Note 10. There is a risk that income or expenditure may be fraudulently misstated resulting in a material misstatement in the financial statements. We do not consider these to be significant risks for the CVLDJC as there are limited opportunities to manipulate the way income or expenditure are recognised in the financial statements and have therefore rebutted these risks.
5. Our Annual Audit Plan will include any further risks identified from our planning work and outline our response to all identified risks.

Audit Fee

6. The proposed baseline audit fee for the 2023/24 audit is £2,410 (2022/23: £2,270).
7. In setting the fee for 2023/24 we have assumed that the CVLDJC has effective governance arrangements and will prepare comprehensive and accurate 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.

Audit Timetable

8. We are working towards issuing the independent auditor’s report and Annual Audit Report by the statutory deadline of 30 September 2024. However, we acknowledge this may not be achievable due to ongoing pressures. We will maintain a pragmatic and flexible approach to the audit and will continue to have discussions with management and the Convener of the CVLDJC around the progress of our work and any changes that may be required to the target dates outlined in [Exhibit 1](#).

Exhibit 1 Audit outputs

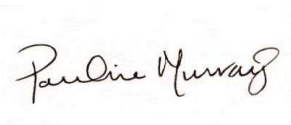
Audit Output	Target date	Joint Committee date
Annual Audit Plan	31 March 2024	To be circulated to members by 31 March 2024 and presented at meeting of CVLDJC on 10 June 2024
Independent Auditor's Report	30 September 2024	09 September 2024
Annual Audit Report	30 September 2024	09 September 2024

Source: Audit Scotland

Independence and Objectivity

9. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements, auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has robust arrangements in place to ensure compliance with these standards 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.

10. The engagement lead (i.e. appointed auditor) for the CVLDJC is Pauline Murray, Senior Audit Manager. Auditing and ethical standards require the engagement lead to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of CVLDJC.



Pauline Murray
Senior Audit Manager

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