

**AGENDA ITEM
NO 8**

Clyde Valley Learning and Development Joint Committee

28 August 2017

CLYDE VALLEY LEARNING AND DEVELOPMENT JOINT COMMITTEE 2016/17 Annual Audit Report

1. Our work on the annual accounts is now substantially complete. Subject to the receipt of the annual accounts for final review, we anticipate being able to issue an unqualified and unmodified independent auditor's report following approval of the annual accounts by the Joint Committee on 28 August. The proposed independent auditor's report is attached at appendix A.
2. We also present for your consideration our proposed Annual Report on the 2016/17 audit. International Standard on Auditing (UK and Ireland) 260 (Communication with those charged with governance) requires auditors to report specific matters arising from the audit of the annual accounts to those charged with governance in sufficient time to enable appropriate action. Within the proposed Annual Audit Report (page 8), the section headed "Findings from the audit in accordance with ISA 260" confirms that there are no issues which we consider require to be drawn to your attention. The Annual Audit Report will be issued in its final form after the annual accounts has been approved for issue and the Independent Auditor's Report has been certified.
3. In presenting this report to the Joint Committee we also seek confirmation that we have been informed of:
 - any instances of actual, suspected or alleged fraud.
 - any events that have occurred since 31 March 2017 which could have a significant impact on the annual accounts.
 - any instances of non-compliance with legislation.
4. We are required to report to those charged with governance, all unadjusted misstatements, other than those of a trivial nature, and request that they be corrected. We confirm that no monetary errors were identified from our audit.
5. International Standard on Auditing (UK and Ireland) 580 (Management representations) requires auditors to obtain representations on certain matters from management. Accordingly, as part of the completion of our audit we seek written assurances from the Treasurer on aspects of the annual accounts and the judgements and estimates made. A draft letter of representation is attached at appendix B; this should be reviewed for accuracy and any proposed amendment

discussed with us. Once satisfied, the letter should be signed and returned by the Treasurer with the signed annual accounts.

6. We would like to express our thanks to the staff of South Lanarkshire Council for their courteous assistance during the course of this year's audit. This enabled us to bring the audit to completion within the required timescale.

APPENDIX A: Proposed Independent Auditor's Report

Independent auditor's report to the members of Clyde Valley Learning and Development Joint Committee and the Accounts Commission

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Clyde Valley Learning and Development Joint Committee for the year ended 31 March 2017 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the 2016/17 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of affairs of the Clyde Valley Learning and Development Joint Committee as at 31 March 2017 and of its surplus on the provision of services for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am independent of the joint committee in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Treasurer for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the joint committee and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements.

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) 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.

Other information in the annual accounts

The Treasurer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Report on other requirements

Opinions on other prescribed matters

I am required by the Accounts Commission to express an opinion on the following matters.

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

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Dave Richardson FCCA
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Audit Scotland
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The Athenaeum Building
8 Nelson Mandela Place
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G2 1BT

August 2017

APPENDIX B: Letter of Representation (ISA 580)

Dave Richardson FCCA
Senior Audit Manager, Audit Services
Audit Scotland
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The Athenaeum Building
8 Nelson Mandela Place
GLASGOW
G2 1BT

Dear Dave

CLYDE VALLEY LEARNING AND DEVELOPMENT JOINT COMMITTEE Annual Accounts 2016/17

1. This representation letter is provided in connection with your audit of the annual accounts of Clyde Valley Learning and Development Joint Committee for the year ended 31 March 2017 for the purpose of expressing an opinion as to whether the annual accounts give a true and fair view of the financial position of the Clyde Valley Learning and Development Joint Committee, as at 31 March 2017 and its income and expenditure for the year then ended
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Joint Committee the following representations given to you in connection with your audit of Clyde Valley Learning and Development Joint Committee for the year ended 31 March 2017.

Legality of financial transactions

3. The financial transactions of Clyde Valley Learning and Development Joint Committee are in accordance with the relevant legislation and regulations governing its activities. All known or possible non-compliance with laws and regulations whose effects should be considered when preparing the annual accounts have been disclosed to you, together with any actual or contingent consequences which may arise.

Financial reporting framework

4. The annual accounts has been prepared in accordance with Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and the provisions of the Local Government (Scotland) Act 1973.
5. Disclosure has been made in the annual accounts of all matters necessary for them to show a true and fair view of the transactions and state of affairs of Clyde Valley Learning and Development Joint Committee for the year ended 31 March 2017.

Accounting policies and estimates

6. All material accounting policies adopted are as shown in the Statement of Accounting Policies included in the annual accounts. The continuing appropriateness of these policies has been reviewed since the introduction of International Accounting Standard 8 and on a regular basis thereafter, and takes account of the requirements set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

7. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

Assets and liabilities

8. Assets have been stated at the expected recovery amount. All liabilities have been provided for in the financial records, including the liabilities for all purchases to which title has passed prior to 31 March 2017.

Going concern

9. I have assessed Clyde Valley Learning and Development Joint Committee's ability to carry on as a going concern and concluded that it is appropriate to prepare the annual accounts on a going concern basis.

Related party transactions

10. All transactions with related parties have been disclosed in the annual accounts. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of International Accounting Standard 24.

Corporate governance

11. I acknowledge, as the officer with responsibility for the proper administration of the Committee's financial affairs under section 95 of the Local Government (Scotland) Act 1973, my responsibility for the systems of internal control and I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.
12. The corporate governance arrangements have been reviewed and the disclosures I have made are in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2017, which require disclosure.

Fraud

13. I have considered the risk that the annual accounts may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the annual accounts. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

General

14. I acknowledge my responsibility and that of Clyde Valley Learning and Development Joint Committee for the annual accounts. All of the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by Clyde Valley Learning and Development Joint Committee have been properly reflected in the annual accounts. All other records and information have been made available to you, including minutes of all management and other meetings.

15. Disclosure has been made in the annual accounts of all matters necessary to give a true and fair view of the financial position of Clyde Valley Learning and Development Joint Committee as at 31 March 2017 and the income and expenditure for the year then ended.
16. The information given in the narrative reports supporting the annual accounts, including the Management Commentary and Annual Governance Statement presents a balanced picture of Clyde Valley Learning and Development Joint Committee and is consistent with the financial statements.
17. I confirm that I am not aware of any uncorrected misstatements.

Events subsequent to the date of the Balance Sheet

18. There have been no material events since the date of the balance sheet which would require the revision of the figures in the financial statements or notes thereto.
19. Since the date of the balance sheet no events or transactions have occurred which, though properly excluded from the annual accounts, are of such importance that they should be brought to your notice.

Yours sincerely

Jackie Taylor
Treasurer, Clyde Valley Learning and Development Joint Committee