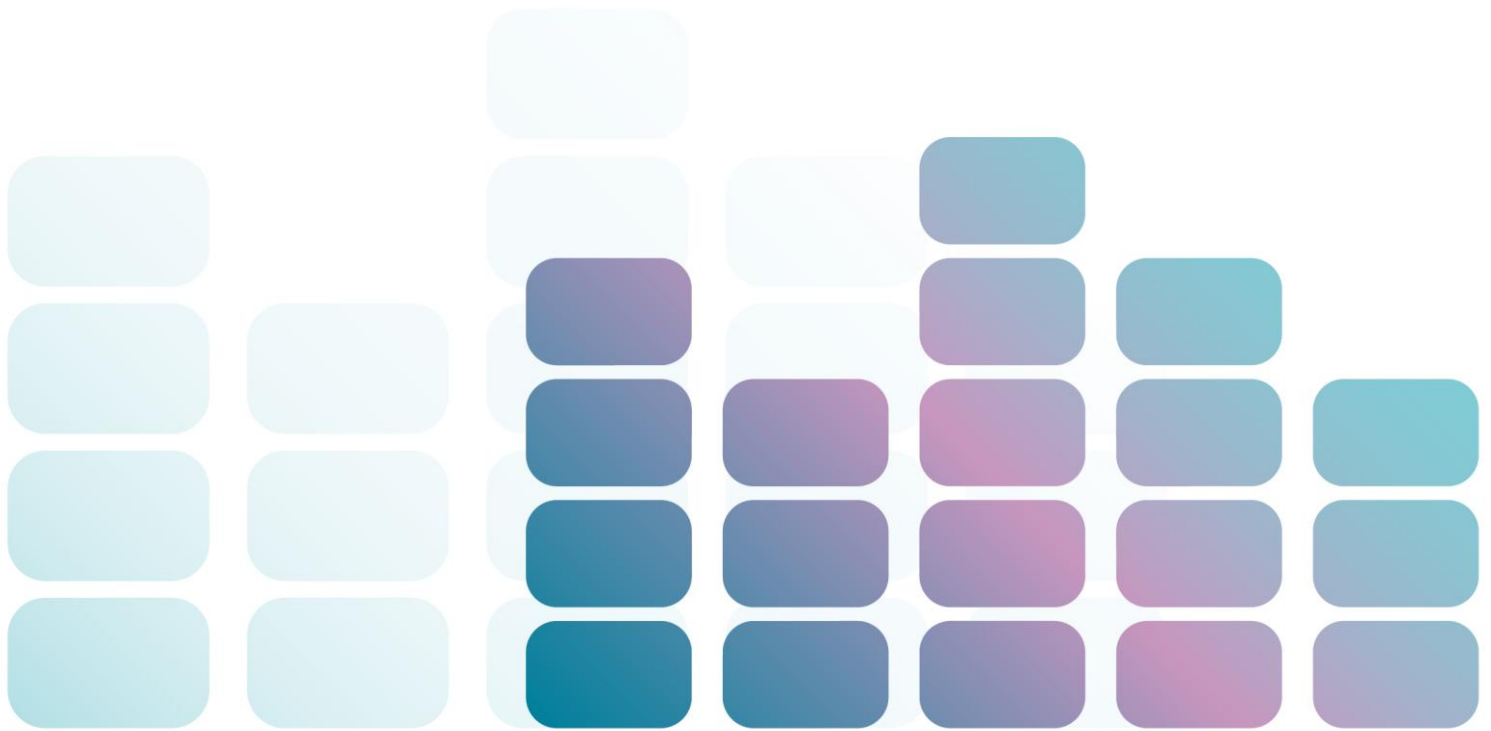


Clyde Valley Learning and Development Joint Committee

2025/26 Annual Audit Report



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

September 2026

Contents

Summary of audit opinions and conclusions	3
Introduction	4
Audit scope, responsibilities, and fee	5
Audit of the annual accounts	7
Financial Sustainability and Best Value audit	12
Appendix 1	16

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Summary of audit opinions and conclusions

Audit of the annual accounts

- 1 All audit opinions stated that the annual accounts were free from material misstatement.
- 2 There were no significant findings or key audit matters to report. One immaterial misstatement was corrected in the accounts, but this had no impact on the core financial statements due to rounding.

Financial Sustainability and Best Value audit

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

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2025/26 audit of Clyde Valley Learning and Development Joint Committee's annual accounts and the wider scope areas specified in the [Code of Audit Practice \(2021\)](#).
2. The Annual Audit Report is addressed to Clyde Valley Learning and Development Joint Committee, hereafter referred to as 'the Joint Committee' and the Controller of Audit, and will be published on [Audit Scotland's website](#) in due course.

Appointed auditor and independence

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

Acknowledgements

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

Audit scope, responsibilities, and fee

Scope of the audit

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

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

Responsibilities and reporting

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

Auditor's responsibilities

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

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

The Joint Committee's responsibilities

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

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

Audit Fee

10. The audit fee for the 2025/26 audit was reported in the Annual Audit Plan and was set at £2,570. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

National and performance audit reporting

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

Audit of the annual accounts

Main judgements

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

There were no significant findings or key audit matters to report. One immaterial misstatement was corrected in the accounts.

Audit opinions on the annual accounts

12. The Joint Committee's annual accounts were approved by the Joint Committee on 14 September 2026 and certified by the appointed auditor on 14 September 2026. The Independent Auditor's Report is included in the Joint Committee's annual accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.



Audit timetable

13. The unaudited annual accounts and all working papers were received in accordance with the agreed audit timetable.

Materiality

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

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

16. Materiality levels for the body were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited annual accounts. Materiality levels were updated and these can be seen in [Exhibit 1](#).

Exhibit 1**2025/26 Materiality levels for Clyde Valley Learning and Development Joint Committee**

Materiality	Amount
Materiality – set at 2% of gross expenditure	£1,700
Performance materiality – set at 75% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£1,275
Reporting threshold – set at 5% of materiality.	£85

Source: Audit Scotland

Significant findings and key audit matters

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

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

19. In determining key audit matters, auditors consider:

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

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

21. One other matter was identified in respect of related parties. The maintenance of up to date registers of interest is a key control in assessing potential related party relationships and transactions. Our audit work identified that registers of interest were available for all Committee members, but were not maintained for senior management of the Joint Committee. This was subsequently compiled by management, and no issues were identified.

Qualitative aspects of accounting practices

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

Accounting policies

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

Disclosures in the financial statements

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

Significant matters discussed with management

25. All matters identified during the audit and discussed with the Joint Committee's management have been reported in the Annual Audit Report.

Audit adjustments

26. Audit adjustments were required to the financial statements to correct misstatements that were identified from the audit. Details of all audit adjustments greater than the reporting threshold of £85 are outlined in [Exhibit 2](#).

27. One immaterial misstatement was corrected in the accounts, but this had no impact on the core financial statements due to rounding. A number of other adjustments were corrected related to disclosures which had no impact on the core financial statements.

Exhibit 2 Audit adjustments

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

Details	Financial statements lines impacted	Comprehensive Income and Expenditure Statement (CIES)	Balance Sheet
1. Income from interest earned on revenue balances			
	Income	316	
	Short-term investments		316
Net impact on financial statements		316	316
Audit adjustments in disclosures			
1. Rounding differences on the face of the balance sheet of £1k each to short-term investments and creditors were made. These adjustments also resulted in £1k amendments to figures in disclosed across Note 2 and Note 3 of the accounts.			
2. A related party creditor balance of £77k with South Lanarkshire Council was incorrectly disclosed in Note 4 of the accounts. This misstatement was material but disclosure only, and has been corrected by management. A similar misstatement was identified in the 24/25 comparative figures disclosed, where a creditor balance of £64k with South Lanarkshire Council was incorrectly disclosed. As a material misstatement, this resulted in a prior year restatement of this disclosure. These adjustments did not have any impact on the core financial statements.			
3. Related party receipts were incorrectly disclosed in Note 4 of the accounts. The total misstatement was an understatement of £36k of related party receipts across all 5 member councils disclosed in Note 4. This misstatement was material, and the disclosure has been corrected by management. This adjustment did not have any impact on the core financial statements.			
4. Updates were made to Note 4 Related Parties to recognise the Scottish Government as a related party of the Joint Committee.			

Source: Audit Scotland

Significant risks of material misstatement identified in the Annual Audit Plan

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

Exhibit 3
Significant risks of material misstatement to the financial statements

Risk of material misstatement	Planned audit response	Outcome of audit work
Fraud caused by management override of controls Management is in a unique position to perpetrate fraud because of management’s ability to override controls that otherwise appear to be operating effectively.	The audit team will: • Evaluate 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. • Test journals entries, focusing on those that are assessed as higher risk. • Evaluate significant transactions outside the normal course of business. • Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements.	Audit work performed found: • The design and implementation of controls over journal processing were appropriate. • No inappropriate or unusual activity relating to the processing of journal entries was identified from discussions with individuals involved in financial reporting. • No significant issues were identified from testing of journal entries. • No significant issues were identified from transactions outside the normal course of business. • The controls in place for identifying and disclosing related party relationships and transactions were adequate. Conclusion: no evidence of fraud caused by management override of controls.

Source: Audit Scotland

Prior year recommendations

29. There were no recommendations made in our 2024/25 annual audit report for follow up.

Financial Sustainability and Best Value audit

Conclusion

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

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

Audit approach to wider scope and Best Value

Wider scope

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

Best Value

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

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

Conclusions on Financial Sustainability

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

The Joint Committee reported a surplus of £13,000 in 2025/26

34. The Joint Committee secured contributions totalling £71,000 from the member authorities towards its running costs for 2025/26. As the administering authority, South Lanarkshire Council manages the Joint Committee's running costs within the allocated budget.

35. Income and expenditure for the year are reported as £102,000 and £89,000 respectively, resulting in a £13,000 surplus on the provision of services. The surplus has been added to the accumulated reserves balance brought forward from 2024/25. As at 31 March 2026, the Joint Committee's general fund reserve is £77,000.

Current funding arrangements provide a sustainable financial position for the Joint Committee

36. The Joint Committee's sustainability is dependent on participating councils' continued support. The Joint Committee has secured contributions totalling £67,000 from 13 member councils, five being full members, towards the running costs of the project for 2026/27. This is a reduction of £4,000 from 2025/26 after one council did not renew its participating membership.

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

38. At the Joint Committee meeting in June 2026, the 2026/27 revenue budget monitoring report noted that in addition to the member contributions of £67,000, there is budgeted training expenditure of £25,000, with this recharged to councils. This gives a total expenditure and income budget of £92,000 for 2026/27.

39. In February 2026, the 2026/27 Membership and Funding paper was presented to the Joint Committee. Whilst the paper did not include a formal statement on reserves, it did assess the adequacy of the funding for 2026/27. The Joint Committee agreed that any unspent element of this funding would be transferred to reserves for use in future years. This reserve balance will be reviewed annually as part of the membership and funding contributions review.

The Joint Committee is considering options for its future governance arrangements

40. After the withdrawal of one council from full membership in 2022/23, the Joint Committee membership was reduced to the minimum level for the continuation of the project. This presents a risk to the ongoing viability of the Joint Committee if any current full member were to withdraw in the future.

41. For 2027/28, membership is projected to reduce by a further two participating members to 11 councils, of which five will be full members, generating income of £61,000. With membership continuing to decline, this still remains above the £59,000 minimum funding requirement.

42. In June 2026, a Governance Considerations paper was presented to the Joint Committee. This paper outlined key issues in respect of the

membership of the Joint Committee (being at its minimum level), the time and cost involved in maintaining a formal Joint Committee structure, and the existence of other partner agencies who now offer similar shared service delivery models to that which the Joint Committee aims to achieve.

43. The Governance Considerations paper set out four potential outcomes for the future of the Joint Committee. This included exploring alternative operating structures that are less onerous than a formal Joint Committee, increasing the scope of activities of the Clyde Valley Learning and Development Group, increasing membership and conducting an assessment of all sub-groups. An update is expected to be reported to the Joint Committee meeting in September 2026 and we will consider any developments in our ongoing audit work in 2026/27.

Conclusion on Best Value

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

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

45. The Joint Committee has overall responsibility for overseeing the Project. The overall objective of the Project is to establish and deliver multiple shared approaches to training, learning and development between the Clyde Valley Councils (South Lanarkshire, North Lanarkshire, Glasgow City, East Renfrewshire and Inverclyde Councils) which will result in:

- greater efficiency due to shared working rather than a council-by-council approach
- reduced duplication of effort
- the identification, development and sharing of best practice
- setting, achieving and maintaining the highest standards of service delivery
- modernising service delivery by improving practice and making best use of information technology
- a consistent approach to training, learning and development

- ensuring equality of opportunity for all Clyde Valley employees in accessing appropriate learning and development
- developing centres of excellence from which to deliver models suitable for replication nationally.

46. The Joint Committee has recognised the availability of other partner agencies offering similar shared service delivery models. While the Joint Committee remains committed to achieving best value, governance considerations are under review to ensure the most efficient and effective structure is used going forward.

Appendix 1

Supporting national and performance audit reports

Report name	Date published
Local government budgets 2025/26	22 May 2025
NHS in Scotland: Spotlight on governance	28 May 2025
Delivering for the future: Responding to the workforce challenge	7 August 2025
Flooding in communities: Moving towards flood resilience	28 August 2025
Adult Disability Payment	18 September 2025
Scotland's colleges 2025	2 October 2025
Improving care experience: Delivering The Promise	8 October 2025
Local government performance: Spotlight on culture and leisure services	23 October 2025
Financial sustainability and taxes	13 November 2025
NHS in Scotland 2025: Finance and performance	4 December 2025
Delayed discharges: A symptom of the challenges facing health and social care	8 January 2026
Community health and social care: Performance 2025	8 January 2026
Administration of Scottish income tax 2024/25	16 January 2026
Local Government in Scotland: Financial bulletin 2024/25	29 January 2026
The Scottish Budget 2026/24: Supplement to the Financial bulletin 2024/25	12 February 2026
Integration Joint Boards: Finance bulletin 2024/25	26 February 2026
Annual Assurance and Risks Report: A review of 2024/25 local government audits in Scotland	12 March 2026

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