Item 4

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West of Scotland Archaeology Service

[Provisional] Annual Audit Report
Year ended 31 March 2026

18 September 2026

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Contents

About this report

This report has been prepared in accordance with Terms of Appointment Letter, through which the Accounts Commission has appointed us as external auditor of West of Scotland Archaeology Service for financial years 2022/23 to 2026/27.

This report is for the benefit of the Service and is made available to the Accounts Commission, the Controller of Audit and Audit Scotland (together the Recipients). This report has not been designed to be of benefit to anyone except the Recipients. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Recipients, even though we may have been aware that others might read this report.

Any party other than the Recipients that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Recipient's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, Ernst & Young LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Recipients.

Accessibility

Our Report may be available on Audit Scotland's website, and we have therefore taken steps to comply with the Public Sector Bodies Accessibility Regulations 2018. Responsibility rests with the publishing organisation to ensure that standards are met.

Executive summary

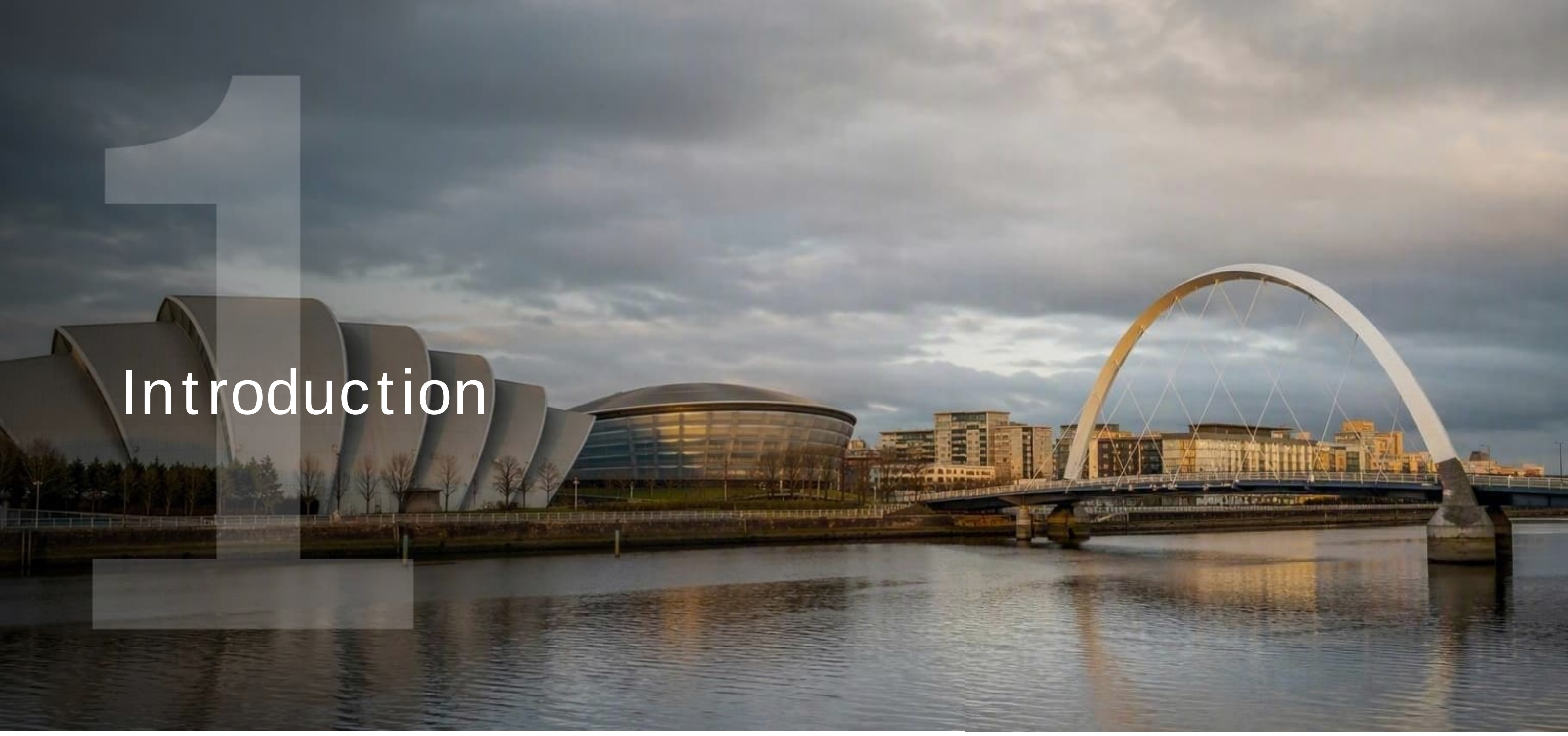
This [provisional] report summarises the findings of the 2025/26 annual audit of West of Scotland Archaeology Service (“the Service”). The scope of the audit was set out in our Annual Audit Plan, which was presented to the Joint Committee on 26 June 2026. The report summarises:

- Our conclusions arising from the audit of the Service's financial statements; and
- A summary of significant matters and conclusions on the wider scope areas that frame public audit as set out in the Code of Audit Practice 2021.

Financial Statements Our assessment: Green	[Pending finalisation of our quality assurance and completion procedures,] we have concluded our audit of the Service’s financial statements for the year ended 31 March 2026. [There were five adjusted misstatements above our reporting threshold that we are required to communicate.] In addition, we identified some minor presentational changes which have been reflected in the financial statements. A number of further minor changes have not been reflected on the basis of materiality. The unaudited financial statements and supporting working papers were provided in line with the agreed audit timetable. We made observations in prior years in relation supporting improved preparation of the financial statements going forward. We have seen improvements in 2025/26, including the completion of the CIPFA disclosure checklist by management, and have no further recommendation for this year. We continued to work with the finance team to ensure the financial statement disclosures are appropriate and reflect the standards. We concluded that the other information subject to audit were appropriate. We were satisfied that, after the adjustments made during the course of the audit, the disclosures reflect the Service’s compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the CIPFA Code).
Going concern Our assessment: Green	In accordance with the International Financial Reporting Standards (IFRS), the Service prepares its financial statements on a going concern basis unless informed by the Scottish Government. Under a revised auditing standard, ISA 570, we are required to undertake greater challenge of management’s assessment of going concern, including testing of the adequacy of the supporting evidence we obtained. After completing its going concern assessment, the Service has concluded that there are no material uncertainties around its going concern status. We were satisfied that the Service remains a going concern and has made appropriate required disclosures in the financial statements. We have considered the related risks to the financial sustainability of the Service in our wider scope reporting. We have no matters to report in respect of our work around going concern or the conclusions reached by the Service.

Executive summary: Wider Scope responsibilities

Financial Sustainability Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered. Our assessment: Green	We concluded that despite reporting an in year deficit, the Service continues to carry forward a reserves balance significantly in excess of the appropriate level of financial reserves outlined in the Service's Reserves Policy. We have therefore assessed this area as Green. We are satisfied that the Service has established budget setting and monitoring arrangements, with the Service's budget reviewed and approved annually by members. The Service's budget for 2026/27 was reviewed and approved by members in March 2026. The budget outlined a projected deficit of £47,648, representing a sensible approach to reducing the existing reserves balance whilst continuing to maintain sufficient reserves to meet any unexpected costs should they materialise. We note that due to a lack of governance arrangements in the financial year, members did not have the opportunity to approve a budget for 2025/26 or monitor the financial performance of the Service through the year. We are satisfied that this matter has been resolved going forward and that the lack of budgetary approval in 2025/26 has been considered through our assessment of the Service's governance arrangements.
Vision, Leadership and Governance The effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information. Our assessment: Red	We concluded that despite governance arrangements returning to a more typical schedule from March 2026, which enabled the Service to meet its statutory obligations to present the unaudited annual accounts for consideration and remain on track to approve the audited financial statements by the 30 September deadline, opportunities for broader governance oversight remained limited in 2025/26. We have therefore assessed this area as Red. Management's review of the Service's key strategic documents, including the Minute of Agreement, Business Plan and Service Level Agreements has remained outstanding for several years, and key documents remain out of date and require updating. Our work did not identify any significant weaknesses in the Service's systems of internal control. On this basis we consider the system of internal controls to be effective. The Service's IT environment is supported by Glasgow City Council which is the administering body responsible for the Service. A number of control environment matters have historically been reported through the Glasgow City Council audit, however given the simple nature of the Service's financial statements and the processes required to input into these, we do not consider it likely that these would have a material impact on the preparation of the Service's financial statements.
Best Value The Service has a statutory duty to have arrangements to secure Best Value. The Service should have effective processes for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account.	We are required to conclude on the Service's arrangements to demonstrate the achievement of Best Value. Noting the impact of the lack of governance arrangements in year, we have concluded that arrangements are not currently in place to demonstrate the achievement of Best Value.



1 Introduction

Purpose of our report

The Accounts Commission for Scotland appointed EY as the external auditor of West of Scotland Archaeology Service ("the Service") for the five-year period to 2026/27.

We undertake our audit in accordance with the Code of Audit Practice (June 2021); Auditing Standards and guidance issued by the Financial Reporting Council; relevant legislation; and other relevant guidance issued by Audit Scotland.

This [provisional] Annual Audit Report is designed to summarise the key findings and conclusions from our audit work. It is addressed to both the Service and the Accounts Commission and presented to those charged with governance. This [provisional] report is provided to Audit Scotland and is published on their website.

A key objective of audit reporting is to add value by supporting the improvement of the use of public money. We aim to achieve this through sharing our insights from our audit work, our observations around where the Service employs best practice and where practices can be improved, and how risks facing the Service can be mitigated. We use these insights to form audit recommendations to support the Service.

Such areas we have identified are highlighted throughout this report together with our judgements and conclusions regarding arrangements, and where relevant recommendations and actions agreed with management. We also report on the progress made by management in implementing previously agreed recommendations as set out in [Appendix E]. Our audit was not designed to identify all matters that may be relevant to the Service. Our views on internal control and governance arrangements have been based solely on the audit procedures performed in respect of the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

Our independence

We confirm that we have undertaken client and engagement continuance procedures, which include our assessment of our continuing independence to act as external auditor. Further information is available in Appendix B.

Scope and responsibilities

The Code sets out the responsibilities of both the Service and the auditor (summarised in Appendix A). These were outlined in our Annual Audit Plan on 26 June 2026 which was presented to the Joint Committee.

Our review and assessment of materiality

In our Annual Audit Plan, we communicated that our audit procedures would be performed using an overall materiality of £3,000. We have reassessed materiality as part of our year end procedures with details shown within Exhibit 1.

Performance materiality remains at 75% of overall materiality at £2,250.

Exhibit 1: Updated assessment of materiality

Planning materiality

£3,000

Within our Annual Audit Plan, we reported our preliminary assessment that materiality would be set at £3,000 for the Service (2024/25: £3,000). We have considered whether any change to our materiality was required with no amendments made.

Performance materiality

£2,250

Performance materiality has been set at £2,250 for the Service (2024/25: £2,200), which represents 75% of materiality.

We outlined our intention to report on misstatements that exceeded £150 for the Service within our Annual Audit Plan. There were [five] differences that breached this threshold for the Service. Our consideration of these adjustments is set out in Appendix F.

Based on our understanding of the expectations of financial statement users, we apply a lower materiality level to Remuneration disclosures. We also apply professional judgement to consider the materiality of related party transactions to both parties.

Financial Statements audit

We are responsible for conducting an audit of the Service's financial statements. We provide an opinion as to:

- Whether they give a true and fair view of the state of the affairs of the Service as at 31 March 2026 and of the income and expenditure for the year then ended.
- Have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2025/26 Code.
- Whether they 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.

We also review and report on the consistency of the other information prepared and published along with the financial statements.

We outlined the significant risks for the 2025/26 audit in our Annual Audit Plan, presented to the Joint Committee on 26 June 2026.

One significant risk was identified within our Annual Audit Plan impacting the audit of the financial statements:

- The risk of fraud in revenue and expenditure recognition, including through management override (fraud risk);

Our findings in these areas are summarised in Section 2 of this report.

Wider Scope and Best Value audit

As public sector auditors, our responsibilities extend beyond the audit of the financial statements. The Code of Audit Practice (2021) requires auditors to consider the arrangements put in place by the Service to meet their Best Value obligations as part of our proportionate and risk-based wider-scope audit work.

In line with the CIPFA Code, we have determined the Service meets the definition of a less complex body. In assessing whether the Service meets the criteria for a less complex body we have considered both quantitative and qualitative factors, including the following:

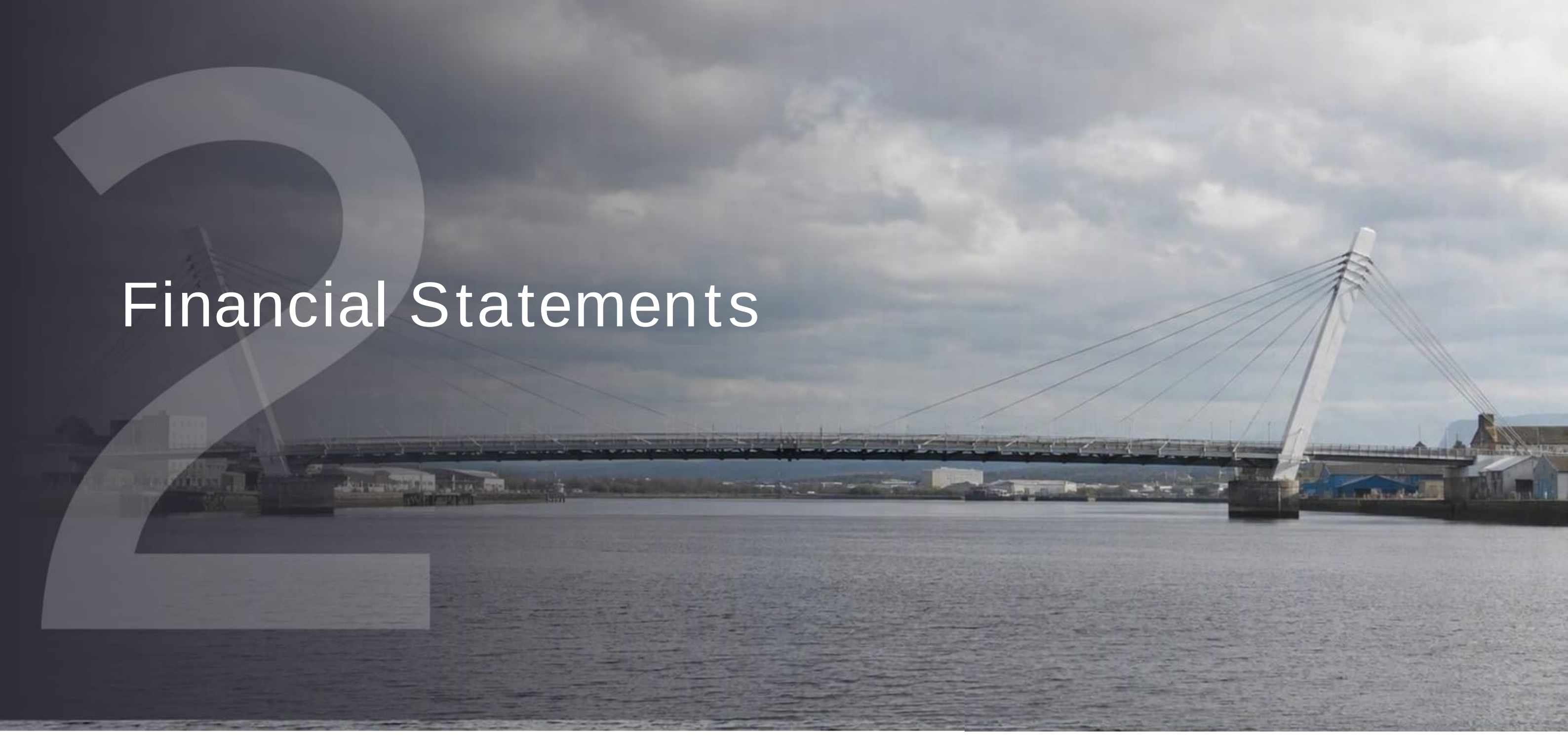
- The Service is a body with gross revenue, gross assets and gross liabilities less than £10.2million;
- No wider scope risks have been identified beyond financial sustainability;
- The Service has not been subject to statutory report in the previous year;
- The Service is not subject to significant public scrutiny; and
- The Service does not meet the criteria of an excluded body under Audit Scotland guidance.

The audit of the wider-scope and Best Value in an audited body which meets the definition of a less complex body may be limited to consideration of:

- The regard shown to financial sustainability; and
- The effectiveness of scrutiny and governance arrangements and the transparent reporting of financial and performance information, in particular through the Annual Governance Statement;
- For local government bodies, reporting on the arrangements for securing Best Value.

Under the Code of Audit Practice, we have a duty to consider the arrangements that the Service has in place to secure Best Value, as an audited body that falls within section 106 of the Local Government (Scotland) Act 1973. Consideration of the arrangements that the Service has in place to secure Best Value will be integrated within the wider scope audit, and a conclusion on the arrangements to secure Best Value will be reported in the Annual Audit Report.

Our wider scope and Best Value findings are summarised in Section 3 of this report.



2 Financial Statements

Introduction

The annual financial statements allow the Service to demonstrate accountability for the resources that it has the power to direct, and report on its overall performance in the application of those resources during the year.

This section of our [provisional] report summarises the audit work undertaken to support our audit opinion, including our conclusions in response to the significant and other risks identified in our Annual Audit Plan.

Compliance with regulations

As part of our oversight of the Service's financial reporting process we report on our consideration of the quality of working papers and supporting documentation prepared to support the audit.

The unaudited financial statements were submitted for audit by 30 June 2026, in line with requirements. The financial statements were prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2025/26, IFRSs, as interpreted and adapted by the 2025/26 Code and the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

As part of our oversight of the Service's financial reporting process, we consider key aspects of the Service's preparation of the financial statements and supporting documentation, predominantly by the finance team, to support the audit. We also reviewed the financial statements and made comments aimed at improving the compliance with the Code of Accounting Practice, or to enhance the understanding of the financial statements.

We continued to work with the finance team to ensure the financial statement disclosures are appropriate. We have closed the recommendation raised in the prior year, in respect of the completion of a financial statements’ disclosure checklist. We have discussed with management ensuring that governance arrangements are in place going forward to ensure that the Service continues to meet the Local Government reporting timetable.

Our assessment of the quality of the financial statements preparation and support is summarised in Exhibit 2.

Exhibit 2: Factors impacting the execution of the audit

Area	Status	Explanation
Timeliness of the unaudited financial statements	Effective	▪ The financial statements were presented to the Joint Committee on 26 June 2026, and unaudited financial statements were shared with audit on 30 June 2026.
Quality and completeness of the unaudited financial statements	Effective	▪ Our review of the financial statements identified minor presentational and disclosure changes and minimal internal inconsistencies.
Delivery of working papers in accordance with agreed client assistance schedule	Effective	▪ The working papers to support the audit were provided in July 2026 in line with the client assistance schedule shared with the Finance team.
Access to finance team and personnel to support the audit in accordance with agreed project plan	Effective	▪ We received good support from the finance team throughout the audit process, including in both the early and conclusion stages of audit.
Volume and value of identified misstatements	Effective	▪ We identified [five] differences arising from the audit in relation to the financial statements. These were agreed by management and reflected in the audited financial statements. ▪ The misstatements comprised of one material misstatement which we are satisfied was an isolated issue relating to the reversal of a prior year journal and the remaining misstatements which, following assessment, were considered to be minimal in value and not indicative of wider risk or manipulation.
Volume of misstatements in disclosure	Effective	▪ We identified a small number of minor presentational changes which have been reflected in the financial statements, where material. ▪ In addition, we worked closely with management to make amendments to the Annual Governance Statement to ensure that it highlighted the key issues relevant to the service.
Adherence to public inspection period	Effective	▪ We were satisfied that the Service made the financial statements available for public inspection in accordance with Regulation 9 of The Local Authority Accounts (Scotland) Regulations 2014.
Pace of progress in respect of implementation of recommendations agreed in prior years	Room for improvement	▪ As outlined in Appendix E, there are outstanding recommendations that remained open through 2025/26 from prior period audits.

Audit Outcomes

We identified [five] adjusted differences arising from the audit. As part of the audit, we reviewed the financial statements and made several comments aimed at improving the compliance with the Code of Accounting Practice. We worked with management to make minor amendments to the financial statement disclosures, and we will continue to highlight and discuss good practice throughout our period of appointment.

Audit approach

We adopted a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

During our planning procedures, we determine which accounts, disclosures and relevant assertions could contain risks of material misstatement.

Our audit involves:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, error or design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Service's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting. Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence to express an opinion on the Service's financial statements.
- Reading other information contained in the financial statements to form an assessment, including that the annual report is fair, balanced and understandable.
- Ensuring that reporting to the Joint Committee appropriately addresses matters communicated by us and whether it is materially inconsistent with our understanding and the financial statements.
- We rigorously maintain auditor independence (refer to Appendix B).

Our overall audit opinion is summarised on the following page.

Key audit matters

Under the Code of Audit Practice (the Code), issued by Audit Scotland in June 2021, key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters. We identify the risks that we have denoted as key audit matters within our response to significant and fraud audit risks.

Exhibit 6: Our Audit Opinion

Element of our opinion	Basis of our opinion	Conclusions
Financial statements ▪ Truth and fairness of the state of affairs of the Service at 31 March 2026 and its expenditure and income for the year then ended. ▪ Financial statements in accordance with the relevant financial reporting framework and relevant legislation.	▪ We report on the outcomes of our audit procedures to respond to the most significant assessed risks of material misstatement that we have identified, including our judgements within this section of our report. We did not identify any areas of material misstatement. ▪ We are satisfied that accounting policies are appropriate, and estimates are reasonable. ▪ [We have considered] the financial statements against Code requirements, and additional guidance issued by CIPFA and Audit Scotland.	We [intend to issue] an unqualified audit opinion on the 2025/26 financial statements for the Service.
Going concern ▪ We are required to conclude on the appropriateness of the use of the going concern basis of accounting.	▪ We conduct core financial statements audit work, including review and challenge of management's assessment of the appropriateness of the going concern basis. ▪ Wider scope procedures including the forecasts are considered as part of our work on financial sustainability.	In accordance with the work reported on page 15, we [have not identified any material uncertainties.]
Other information ▪ We are required to consider whether the other information in the financial statements is materially inconsistent with other knowledge obtained during the audit.	▪ The Executive Director of Financial Services (Glasgow City Council) is responsible for other information included in the financial statements. ▪ We conduct a range of substantive procedures on the financial statements, and our conclusion draws upon review of committee and Joint Committee minutes and papers, regular discussions with management, our understanding of the Service and the wider sector.	We [are satisfied] that the other information meets the core requirements set out in the Code of Practice on Local Authority Accounting.
Matters prescribed by the Accounts Commission ▪ Management commentary / annual governance statement are consistent with the financial statements and have been properly prepared.	Our procedures include: ▪ Reviewing the content of narrative disclosures to information known to us. ▪ Our assessment of the Annual Governance Statement against the requirements of the CIPFA Delivering Good Governance Code.	We [intend to issue] an unqualified audit opinion.
Matters on which we are required to report by exception	We are required to report on whether: ▪ Adequate accounting records have been kept. ▪ Financial statements are not in agreement with the accounting records. ▪ We have not received the information or explanations we require.	[We have no matters to report.]

Our response to significant and fraud audit risks

1. Risk of fraud in income and expenditure recognition, including through management override of control (a key audit matter)

Impacted balances within the financial statements:

- Expenditure (excluding employee costs): £24,717
- Income (excluding contributions from participating local authorities): £37,272
- Debtors: £174,553
- Creditors: £21,357

Refer to accounting policies within Note 1, pages 11 – 13 and note 3 of the Service's financial statements.

What is the risk?

As we outlined in our Annual Audit Plan, ISA (UK) 240 requires us to assume that fraud risk from income recognition is a significant risk. In the public sector, we extend our consideration to the risk of material misstatement by manipulation of expenditure.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We have identified a risk around income and expenditure recognition, specifically the accounting expenditure in the correct accounting period. In line with auditing standards, we rebut the risk around income and expenditure where appropriate depending on the nature of the account. Accordingly, we have rebutted the risk of improper recognition of income in respect of core contributions from member authorities. With regards to expenditure, we have rebutted the risk of improper recognition of routine payroll costs.

What did we do?

We undertake specific, additional procedures for income and expenditure streams where we identified a fraud risk. For 2025/26 our work included:

- Inquired of management about risks of fraud and the controls to address those risks;
- Considered the effectiveness of management's controls designed to address the risk of fraud;
- Understood the oversight given by those charged with governance of management's processes over fraud;
- Considered contribution income in relation to the Minute of Agreement; and
- Performed additional testing on income and expenditure incurred closer to the financial yearend.

We also performed mandatory procedures regardless of specifically identified fraud risks, including:

- Substantively tested income and expenditure transactions as appropriate and material;
- Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- Assessed accounting estimates for evidence of management bias; and
- Evaluated the business rationale for significant unusual transactions.

Our Findings

Our testing identified [four] adjusted misstatements relating to revenue and expenditure recognition, as outlined in Appendix F of this report.

Journal Entries

We tested the appropriateness of journal entries recorded and other adjustments made in the preparation of the financial statements.

We obtained a full list of journals posted during the year to identify potentially unusual journals based on posting patterns, amounts or areas of greater risk of judgement or incentive for management to adjust according to our identified risk areas for the audit. We evaluated the business rationale for any significant unusual transaction. In particular we considered:

- Journal entries made to key accounts which are considered more likely to have an incentive to be manipulated;
- Journals entries made around year end.

[Pending finalisation of our review and conclusion procedures,] we identified no unusual journals which could not be explained by management, or which indicated any additional risk of fraud.

Judgements and Estimates

There are no material accounting estimates included in the financial statements that have a direct impact of the Service's financial statements.

Accounting Policies

We considered the consistency and application of accounting policies, and the overall presentation of financial information. We consider the accounting policies adopted by the Service to be appropriate. There were no significant accounting practices which materially depart from what is acceptable under the CIPFA code.

We have not identified any material weaknesses in the design and implementation of controls around journal processing. We did not identify any instances of evidence of management override of controls.

Our conclusions:

- Our testing identified [four] adjusted misstatements relating to revenue and expenditure recognition, as outlined in Appendix F of this report. These related to [one] material misstatement which we are satisfied was an isolated issue relating to the reversal of a prior year journal and [three] lower value misstatement which, following assessment, we are satisfied are not indicative of wider risk or manipulation.
- [Pending finalisation of our review and conclusion procedures,] we identified no unusual journals which could not be explained by management, or which indicated any additional risk of fraud.
- We have not identified any material weaknesses in the design and implementation of controls around journal processing. We did not identify any instances of evidence of management override of controls.
- There was no disagreement during the course of the audit over the correct accounting treatment or disclosure and we encountered no significant difficulties in the audit.

Going concern

In accordance with the CIPFA Code of Practice on Local Government Accounting, the Service prepares its financial statements on a going concern basis unless informed by the Scottish Government of the intention for dissolution without transfer of services or function to another entity.

International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report.

Under ISA (UK) 570, we are required to undertake challenge of management's assessment of going concern, including testing of the adequacy of the supporting evidence we obtained. Management's going concern assessment and associated disclosures cover the period following approval of the financial statements, to 31 March 2028.

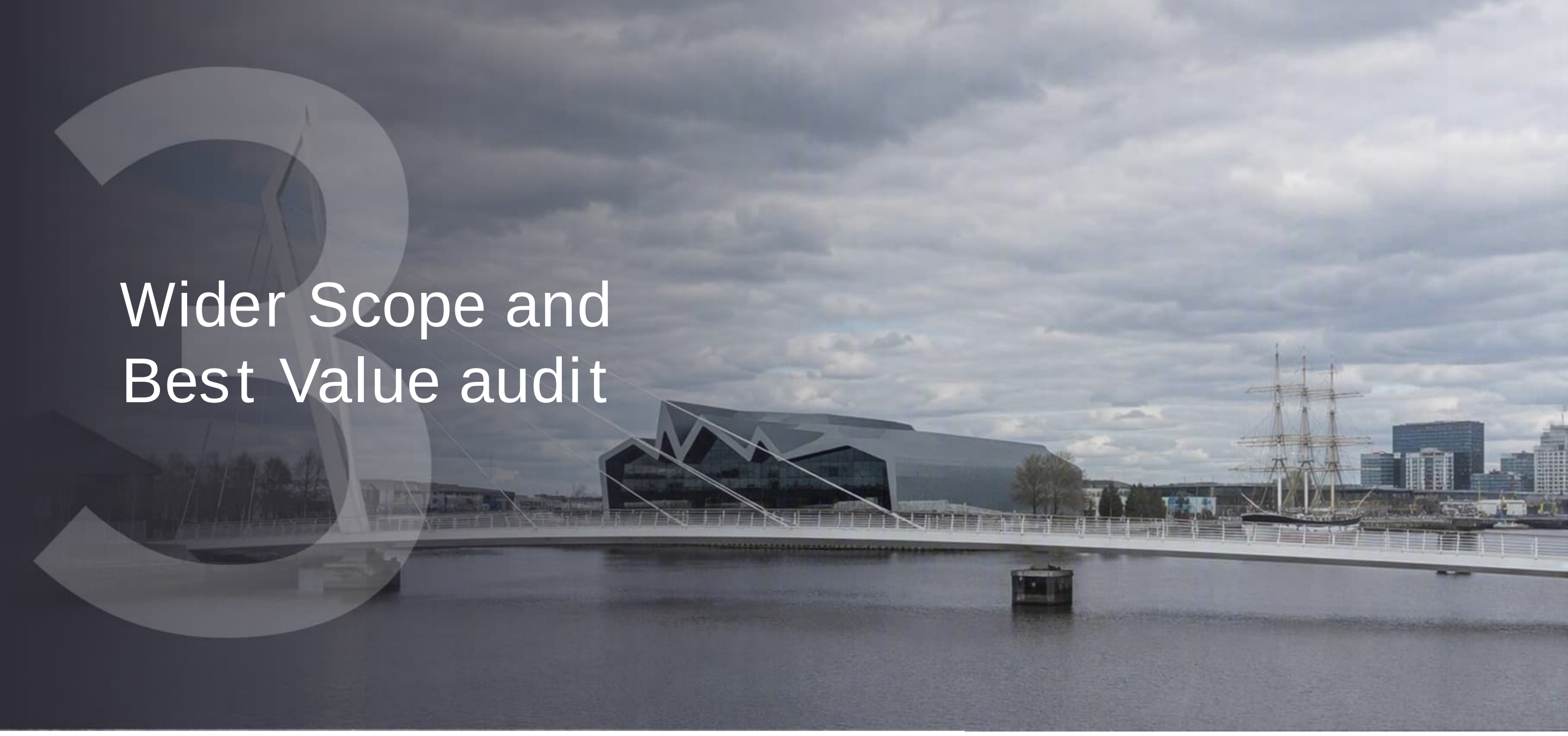
After completing its going concern assessment in line with the information and support provided through earlier discussions in the audit process, the Service has concluded that there are no material uncertainties around its going concern status. We have outlined our consideration of the Service's financial position going forward in the financial sustainability section of this report. We considered this in conjunction with management's assessment on going concern, focusing on:

- The completeness of factors considered in management's going concern assessment.
- The completeness of disclosures in the financial statements in relation to going concern and future financial pressures and how savings challenges in the short and medium term will be addressed.

All information provided by management to support its assessment, including key reports to the Joint Committee and financial plans, were verified to supporting records.

Our conclusions:

- We concur with management's assessment that there are no material uncertainties in relation to the going concern of the Service.



3 Wider Scope and Best Value audit

Introduction

In June 2021, Audit Scotland and the Accounts Commission published the current Code of Audit Practice. This establishes the expectations for public sector auditors in Scotland for the term of the current appointment.

Risk assessment and approach

The Code sets out the four dimensions that comprise the wider scope audit for the public sector in Scotland:

- Financial management;
- Financial sustainability;
- Vision, Leadership and Governance; and
- Use of resources to improve outcomes.

The Code also includes provisions relating to the audit of less complex public bodies (owing to its size and its limited financial activity). The wider scope in an audited body which meets the definition of a less complex body under the Code may be limited to consideration of:

- Financial sustainability
- Vision, Leadership and Governance (including Annual Governance Statement review).

We are required to comment on how effectively, in our view, the Service demonstrates that it meets its Best Value responsibilities. The conclusions that we reach on the wider scope areas contribute to this consideration. We expect to develop our understanding of how the Service meets its Best Value responsibilities over the course of our appointment.

Exhibit 7: Our RAG ratings

Red

Amber

Green

Our auditor judgements are RAG rated based on our assessment of the adequacy of the Service's arrangements throughout the year, as well as the overall pace of improvement and future risk associated with each area.

This takes account of both external risks not within the Service's control and internal risks which can be managed by the Service, as well as the overall pace of improvement and future risk associated with each dimension.

Financial Sustainability

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered. Our focus is therefore on the strategic planning that the Service has undertaken to support its sustainability and ability to deliver balanced budgets in the medium term.

The Service reported a deficit of £16,454, however the reserves balance carried forward into 2026/27 remains in excess of the amount recommended by the Reserves Policy

The Service reported a deficit of £16,454 to be carried forward to 2026/27 (2024/25: £20,730 surplus to be carried forward to 2025/26). The in year deficit resulted in a reserves balance of £153,196 as at 31 March 2026. This is in excess of the amount recommended by the Reserves Policy, representing 149% of the figure proposed as an appropriate financial reserves in the most recent review of the Service's Reserves Policy, and a level which is likely to require reduction in the future. Our recommendation regarding member's review of the reserves policy and consideration as to the level of reserves held against the Service's requirements going forward remained outstanding through the financial year, as outlined in Appendix E.

The Service has established budget setting and monitoring arrangements with the budget set annually

In terms of longer-term financial planning, we are satisfied that the Service has established budget setting and monitoring arrangements with the budget set annually. There is no medium to long-term financial strategy, however, this is deemed to be more appropriate given the small and non-complex nature of the entity. The budget for 2026/27 was presented and approved by members in March 2026, outlining a budgeted deficit of £47,648 reducing the year end reserves balance to £111,052, substantially closer to appropriate level of financial reserves within the Service's Reserves Policy (£103,000). This represents a sensible approach to reducing the existing significant reserves balance while maintaining sufficient reserves to meet any additional expenditure should it materialise.

The fact that the Service is funded from member contributions means that there is more security over future funding compared to other public sector bodies. However, we note that the Minute of Agreement which sets out the operating structure of the Service is outdated and currently under review. This makes financial planning more challenging given there is uncertainty over future member contributions and the operating model of the service.

We note that due to a lack of governance arrangements in the financial year, members did not have the opportunity to approve a budget for 2025/26 or monitor the financial performance of the Service through the year. We are satisfied that this matter has been resolved going forward and that the lack of budgetary approval in 2025/26 has been considered through our assessment of the Service's governance arrangements.

Our overall assessment: Green

- We concluded that despite reporting an in year deficit, the Service continues to carry forward a reserves balance significantly in excess of the appropriate level of financial reserves outlined in the Service's Reserves Policy. We have therefore assessed this area as Green.
- The Service's budget is set annually with the budget for 26/27 presented and approved in March 2026.

Vision, Leadership and Governance

This considers the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

Re-established governance arrangements have yet to fully support effective member scrutiny

In our prior year Annual Audit Report, we highlighted weaknesses in governance arrangements which limited the Joint Committee's ability to fully discharge its governance and oversight responsibilities, and we raised a recommendation to strengthen member oversight throughout the year (see Appendix E). Despite governance arrangements returning to a more typical schedule from March 2026, which enabled the Service to meet its statutory obligations to present the unaudited annual accounts for consideration and remain on track to approve the audited financial statements by the 30 September deadline, opportunities for broader governance oversight during the financial year remained limited. In particular, Committee members did not have sufficient opportunity to provide robust scrutiny and challenge over key non- external audit matters, including the Service's reserves policy, risk register and wider financial planning arrangements. As a result, while progress has been made in re-establishing core governance processes, further work is required to ensure the Joint Committee is able to fulfil its wider governance and oversight responsibilities throughout the year, resulting in a red rating.

Governance disclosures were enhanced, following review, to better reflect historical governance issues and their impact on the Joint Committee

The key aspects of governance arrangements are required to be disclosed in the Annual Governance Statement within the financial statements. We reviewed the governance statement against the requirements in accordance with Delivering Good Governance in Local Government: Framework (2016).

This includes the requirements to conclude on the Service’s compliance with Local Authority Accounts (Scotland) Regulations 2014, or to explain any areas of non-compliance. Our consideration of the governance statement has included:

- Ensuring that the Service has met all requirements of the CIPFA Code; and
- Ensuring that the content of the statement is consistent with our understanding of the Service’s governance arrangements and any issues identified during the year.

Following our review of the Annual Governance Statement, we identified areas where the disclosure could be refined to ensure it remained focused on governance matters most relevant to the Service. In particular, we proposed amendments to provide a clearer and more focussed explanation of governance arrangements operating during the year, including highlighting the lack of governance arrangements and the impact on the responsibilities of the Joint Committee.

We were otherwise satisfied that it was consistent with both the governance framework, key findings from relevant audit activity and management’s assessment of its own compliance with the CIPFA Code.

Management’s review of the Service’s key strategic documents remains outstanding, and key documents require updating

The Governance Statement outlines a number of key governance issues within the year which have impacted the Service, including the loss of the original legal agreement between Glasgow City Council and the relevant member authorities, Each of these matters poses significant risk and exposure to the entity.

As outlined in Appendix E, management's review of the Service's key strategic documents remains outstanding, and key documents, including the Minute of Agreement, Business Plan and Service Level Agreements, remain out of date and require updating. In addition, a lack of clarity over future member contributions presents challenges for future financial planning.

The Service’s system of internal controls was considered to be effective through the financial year

Within the Annual Governance Statement, the Service has concluded that they have obtained assurance that the system of internal control was operating effectively during the year with no exceptions or issues identified.

Through our audit of the financial statements, we consider the design and implementation of key controls related to areas of significant risk to the financial statements. This work has included documenting the key internal financial controls and performing walkthroughs to ensure controls are implemented as designed.

We undertook an initial assessment of the financial control environment as part of our planning work in March 2026 and updated our understanding as part of the year-end audit. Our work did not identify any significant weaknesses in the Service’s systems of internal control. On this basis we consider the system of internal controls to be effective.

The Service’s IT environment is supported by Glasgow City Council which is the administering body responsible for the Service. A number of control environment matters have historically been reported through the Glasgow City Council audit, however given the simple nature of the Service’s financial statements and the processes required to input into these, we do not consider it likely that these would have a material impact on the preparation of the Service’s financial statements.

Our overall assessment: Red

- We concluded that despite governance arrangements returning to a more typical schedule from March 2026, opportunities for broader governance oversight during the financial year remained limited. We have therefore assessed this area as Red.
- Management's review of the Service's key strategic documents remains outstanding, and key documents remain out of date and require updating.
- Our work did not identify any significant weaknesses in the Service’s systems of internal control. On this basis we consider the system of internal controls to be effective.

Appendices

A Code of audit practice: Responsibilities

Audited body responsibilities

Audited bodies have 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 successfully deliver their objectives. The features of proper financial stewardship include the following:

Corporate governance

Each body, through its chief executive or accountable officer, 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. Audited bodies should involve those charged with governance (including audit committees or equivalent) in monitoring these arrangements.

Financial statements and related reports

Audited bodies must prepare annual accounts comprising financial statements and other related reports. They have responsibility for:

- Preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation.
- Maintaining accounting records and working papers that have been prepared to an acceptable professional standard and that support their accounts and related reports disclosures.
- Ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority.
- Preparing and publishing, along with their financial statements, related reports such as an annual governance statement, management commentary (or equivalent) and a remuneration report in accordance with prescribed requirements.
- Ensuring that the management commentary (or equivalent) is fair, balanced and understandable.

It is the responsibility of management of an audited body, with the oversight of those charged with governance, to communicate relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely.

Audited bodies are 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 their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate internal audit and risk-management functions.

Standards of conduct for prevention and detection of fraud and error

Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.

Internal audit

Public sector bodies are required to establish an internal audit function as a support to management in maintaining effective systems of control and performance. With the exception of less complex public bodies the internal audit programme of work is expected to comply with the Public Sector Internal Audit Standards.

Internal audit and external audit have differing roles and responsibilities. External auditors may seek to rely on the work of internal audit as appropriate.

A Code of audit practice: Responsibilities continued

Maintaining a sound financial position

Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is soundly based having regard to:

- Such financial monitoring and reporting arrangements as may be specified.
- Compliance with any statutory financial requirements and achievement of financial targets.
- Balances and reserves, including strategies about levels and their future use.
- How they plan to deal with uncertainty in the medium and longer term.
- The impact of reporting future policies and foreseeable developments on their financial position.

Responsibilities for best value, community reporting and performance

Local government bodies have a duty 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:

- The quality of its performance of its functions.
- The cost to the body of that performance.
- The cost to persons of any service provided by it for them on a wholly or partly rechargeable basis.

In maintaining that balance, the local government body shall have regard to:

- Efficiency.
- Effectiveness.
- Economy.
- The need to meet the equal opportunity requirements.

The local government body shall discharge its duties under this section in a way which contributes to the achievement of sustainable development.

In measuring the improvement of the performance of a local government body's functions for the purposes of this section, regard shall be had to the extent to which the outcomes of that performance have improved.

The Scottish Government's Statutory Guidance on best value (2020) requires bodies to demonstrate that they are delivering best value in respect of seven themes:

1. Vision and leadership
2. Governance and accountability
3. Effective use of resources
4. Partnerships and collaborative working
5. Working with communities
6. Sustainability
7. Fairness and equality

The Community Empowerment (Scotland) Act 2015 is designed to help empower community bodies through the ownership or control of land and buildings, and by strengthening their voices in decisions about public services.

Specified audited bodies are required to prepare and publish performance information in accordance with Directions issued by the Accounts Commission.

A Code of audit practice: Responsibilities continued

Appointed auditors' responsibilities

Appointed auditors' statutory duties for local government bodies are contained within Part VII of the Local Government (Scotland) Act 1973, as amended.

These are to audit the accounts and place a certificate (i.e., an independent auditor's report) on the accounts stating that the audit has been conducted in accordance with Part VII of the Act.

Satisfy themselves, by examination of the accounts and otherwise, that:

- The accounts have been prepared in accordance with all applicable statutory requirements.
- Proper accounting practices have been observed in the preparation of the accounts.
- The body has made proper arrangements for securing best value and is complying with its community reporting duties.

Hear any objection to the financial statements lodged by an interested person.

Appointed auditors should also be familiar with the statutory reporting responsibilities in section 102 of the Local Government (Scotland) Act 1973, including those relating to the audit of the accounts of a local government body.

B Independence report

Introduction

The FRC Ethical Standard and ISA (UK) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in January 2024, requires that we communicate formally both at the reporting stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

During the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY charged for the provision of services during the period, analysed in appropriate categories, are disclosed.

Required communications

Planning Stage

- The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your directors and us.
- The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review.
- The overall assessment of threats and safeguards.
- Information about the general policies and process within EY to maintain objectivity and independence.

Final Stage

To allow you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed.

Details of non-audit/additional services provided, and the fees charged in relation thereto.

Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us.

Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence.

Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy.

An opportunity to discuss auditor independence issues.

We confirm that we have undertaken client and engagement continuance procedures, including our assessment of our independence to act as your external auditor. We have identified no relationships that impact the audit of the Service.

C

Required communications

We have detailed below the communications that we must provide to the Service.

Required communications	What is reported?	Our reporting to you When and where
Terms of engagement	Confirmation by the Joint Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	Audit Scotland Terms of Appointment letter (December 2022) – audit to be undertaken in accordance with the Code of Audit Practice.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit Planning Report – June 2026
Reporting and audit approach	Communication of the reporting scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Audit Planning Report – June 2026
Significant findings from the audit	▪ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures. ▪ Significant difficulties, if any, encountered during the audit. ▪ Significant matters, if any, arising from the audit that were discussed with management. ▪ Written representations that we are seeking. ▪ Expected modifications to the audit report. ▪ Other matters if any, significant to the oversight of the financial reporting process. ▪ Findings and issues regarding the opening balance on initial audits.	This [Provisional] Annual Audit Report – September 2026. There were no matters arising other than as described within this report.
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▪ Whether the events or conditions constitute a material uncertainty ▪ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▪ The adequacy of related disclosures in the financial statements.	This [Provisional] Annual Audit Report – September 2026.

EY

C Required communications (cont.)

Our reporting to you

Required communications	What is reported?	When and where
Misstatements	▪ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation. ▪ The effect of uncorrected misstatements related to prior periods. ▪ A request that any uncorrected misstatement be corrected. ▪ Corrected misstatements that are significant. ▪ Material misstatements corrected by management.	This [Provisional] Annual Audit Report – September 2026.
Fraud	▪ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. ▪ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist. ▪ A discussion of any other matters related to fraud.	This [Provisional] Annual Audit Report – September 2026.
Internal controls	Significant deficiencies in internal controls identified during the audit.	This [Provisional] Annual Audit Report – September 2026.
Related parties	Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▪ Non-disclosure by management ▪ Inappropriate authorisation and approval of transactions ▪ Disagreement over disclosures ▪ Non-compliance with laws and regulations ▪ Difficulty in identifying the party that ultimately controls the entity	This [Provisional] Annual Audit Report – September 2026. There were no matters arising.
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence. Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▪ The principal threats ▪ Safeguards adopted and their effectiveness ▪ An overall assessment of threats and safeguards ▪ Information about the general policies and process within the firm to maintain objectivity and independence	Annual Audit Plan and this [Provisional] Annual Audit Report.

C Required communications (cont.)

Required communications	What is reported?	When and where
		Our reporting to you
External confirmations	▪ Management's refusal for us to request confirmations. ▪ Inability to obtain relevant and reliable audit evidence from other procedures.	This [Provisional] Annual Audit Report – September 2026. There were no instances arising.
Representations	Written representations we are requesting from management and/or those charged with governance.	The Letter of Representation will be considered and signed in September 2026.
Consideration of laws and regulations	▪ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off. ▪ Enquiry of the Joint Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Joint Committee may be aware of.	This [Provisional] Annual Audit Report – September 2026. There were no matters arising.
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise.	This [Provisional] Annual Audit Report – September 2026. No matters arising.
Auditors report	Any circumstances identified that affect the form and content of our auditor's report.	This [Provisional] Annual Audit Report – September 2026.
Best value and wider scope judgements and conclusions	Our reporting will include a clear narrative that explains what we found and the auditor's judgement in respect of the effectiveness and appropriateness of the arrangements that audited bodies have in place regarding the wider-scope audit.	This [Provisional] Annual Audit Report – September 2026.
Key audit matters	The requirement for auditors to communicate key audit matters, which apply to listed companies and entities which have adopted the UK Corporate Governance Code in the private sector, applies to annual audit reports prepared under the Code.	This [Provisional] Annual Audit Report – September 2026.

D Timeline of communication and deliverables

2026	Audit activity	Deliverable	Timing
January			
February			
March		Submission of quarterly fraud return	28 February 2026
April	Risk assessment for Financial Statements and wider scope audit dimensions		
May	Risk assessment for Financial Statements and wider scope audit dimensions Walkthrough of key systems and processes	Submission of quarterly fraud return	31 May 2026
June	Walkthrough of key systems and processes	Annual Audit Plan	26 June 2026 (Deadline: 31 March 2026)
July	Update meeting with Finance Team		
August	Year end audit fieldwork	Submission of quarterly fraud return	31 August 2026
September	Audit completion procedures	Annual Audit Report	[18 September 2026]

E Audit Recommendations

We include an action plan to summarise specific recommendations included elsewhere within this Annual Audit Report. We grade these findings according to our consideration of their priority for the Service or management to action.

Classification of recommendations		
Grade 1: Key risks and / or significant deficiencies which are either critical to the achievement of strategic objectives or significant risks to material compliance with regulatory requirements. Management needs to address and seek resolution urgently.	Grade 2: Risks or potential weaknesses which impact on objectives and compliance, or impact the operation of a single process, and so require prompt but less urgent immediate action by management.	Grade 3: Less significant issues and / or areas for improvement which consider merit attention but do not require to be prioritised by management.

Recommendations from 2024/25 Annual Audit Report

No.	Recommendation and agreed action	Our assessment of progress	Updated management response
1	As part of their governance responsibilities, the Committee should ensure that the level of reserves held against the Service's requirements is reviewed on a regular basis. We have also incorporated into this action an outstanding recommendation from 2023/24. This outlines that the reserves policy should be subject to an annual review to ensure appropriate management of the Service's financial position, risk profile and to inform strategic decision making. Management Response: The reserves policy will be reviewed and presented to the Joint Committee on an annual basis going forward. Responsible officer: Head of Corporate Finance Implementation date: September 2026	Outstanding: Through the 2025/26 financial year, the Committee have not reviewed the level of reserves held against the Service's requirement.	Reserves paper to be considered at the September 2026 Committee and annually going forward.

E Audit Recommendations

Recommendations from 2023/24 Annual Audit Report			
No.	Recommendation and agreed action	Our assessment of progress	Updated management response
2	The 2023/24 Annual Governance Statement outlined a number of key governance issues within the year, including the loss of the original legal agreement between Glasgow City Council and the relevant member authorities, and several IT matters at the Council which have impacted the Service. Management should ensure actions are taken to strengthen the control environment in response to audit recommendations and ensure that learnings are taken from the incidents that occurred We have also incorporated into this action an outstanding recommendation from 2022/23. This outlines the requirement for management to review key strategic and governance documents to reflect the strategic objectives and direction of the organisation going forward. Management Response: Management will review the audit recommendations and implement any necessary changes. Responsible officer: Service Manager Implementation date: September 2026	Outstanding: This action remains outstanding and will be followed up as part of our 2026/27 audit. We have set out progress against this action and its impact within the governance section of our wider scope procedures within section 3.	Work remains ongoing to review and implement any necessary changes.
3	The Service should ensure frequent meetings are scheduled to ensure robust and effective governance arrangements are in place. Management Response: Management will ensure that frequent meetings are scheduled going forward to ensure robust and effective governance. Dates are already scheduled for the remainder of 2026. Responsible officer: Service Manager Implementation date: March 2026	Outstanding: Despite governance arrangements have returned to a more typical schedule from March 2026, which enabled the Service to meet its statutory obligations to present the unaudited annual accounts for consideration and remain on track to approve the audited financial statements by the 30 September deadline. Action required in 2026/27: Due to the timing of meetings, opportunities for broader governance oversight in 2025/26 remained limited. In particular, Committee members did not have sufficient opportunity to provide robust scrutiny and challenge over key non- external audit matters. The Service should ensure that meetings continue to be scheduled regularly through 2026/27 to allow for consideration of wider matters.	The Service has ensured that meetings continue to be scheduled.

E Audit Recommendations

Recommendations from 2022/23 Annual Audit Report			
No.	Recommendation and agreed action	Our assessment of progress	Updated management response
1	We recommended management regularly review Guidance Notes to Practitioners and other recommendations provided by the CIPFA Code in respect of the financial statement. We also recommend management to complete Code of Practice on Local Authority Accounting UK Disclosure Checklist while preparing Financial statement. Management Response: The Servicel will ensure that the requirements of the Code are fully reflected in the financial statements and consider the adoption of the checklist in light of best value. Responsible officer: Head of Corporate Finance Implementation date: June 2026	Complete: Management completed the Code of Practice on Local Authority Accounting UK Disclosure Checklist while preparing Financial Statement and provided this to audit alongside unaudited financial statements.	N/A
2	A clear management plan, agreed with those charged with governance and auditors, should be prepared to bring the organisation back into compliance with local government deadlines for submission of audited accounts. This must include planned and agreed Committee dates for key governance arrangements. Management Response: Management will ensure that frequent meetings are scheduled going forward to ensure robust and effective governance. Dates are already scheduled for the remainder of 2026. Responsible officer: Service Manager Implementation date: March 2026	Complete: Governance arrangements have returned to a more typical schedule from March 2026, which enabled the Service to meet its statutory obligations to present the unaudited annual accounts for consideration and remain on track to approve the audited financial statements by the 30 September deadline.	N/A

F Adjusted and unadjusted audit differences

This appendix sets out the adjustments that were processed as part of finalisation of the financial statements.

During the course of the audit to date, we have identified [four] misstatements greater than £150 and [one] disclosure adjustment which have been corrected by management.

Summary of adjusted differences – 2025/26

		Balance Sheet Debit/(Credit)				CIES Debit/(Credit)		Reserves
		NCA	CA	NCL	CL	OCI	Surplus/ Deficit	
No.	Description	£	£	£	£	£	£	£
1	Reversal of PY Bad Debt Provision recognised as income		(9,995)				9,995	
2	Under recognition of pension increase costs				(1,300)		1,300	
3	Income relating to 2025/26 incorrectly recognised in 2026/27		600				(600)	
4	Under recognition of CGI consumables expenditure				(160)		160	
Total			(9,395)		(1,460)		10,855	

Summary of adjusted disclosure adjustments – 2025/26

No.	Description
1	The amount listed for Glasgow City Council as "Debtor/Creditor at 31 March 2026“ within Note 11 (Related Parties) is overstated by £7,390, as the rent charge of this amount has not been netted off against the membership contribution.

Note 1:

It is noted that upon agreement of fee variation as discussed on page 36, expenditure will be required to increase further to match increase in fee.

Key	Description	Key	Description
NCA	Non-Current Assets	NCL	Non-Current Liabilities
CA	Current Assets	CL	Current Liabilities
OCI	Other comprehensive income/expenditure		

G Audit Fees

2025/26 Fees

The Service’s audit fee is determined in line with Audit Scotland’s fee setting arrangements. Audit Scotland will notify auditors about the expected fees each year following submission of Audit Scotland's budget to the Scottish Commission for Public Audit, normally in December. The remuneration rate used to calculate fees is increased annually based on Audit Scotland's scale uplift.

	2025/26	2024/25
Component of fee:		
• Auditor remuneration – expected fee	£15,120	£14,570
• Additional audit procedures (see Note 1)	£2,119	£5,756
Audit Scotland fixed charges:		
• Performance audit and best value	-	-
• Audit support costs	£520	£370
Sectoral price cap	(£12,950)	(£12,360)
Total fee	£5,233	£8,336

The expected fee for auditor remuneration is based on a risk assessment of publicly available information from the 2021 tender exercise, submitted in November 2021. It assumes that the Service has well-functioning controls, an effective internal audit service, and an average risk profile for its sector across a range of areas for consideration, including financial, operational and governance risks. Throughout the course of their work, auditors may identify new, developing or otherwise enhanced areas of risk that require to be addressed to deliver an audit to the quality standards expected, and in line with the requirements of the Code of Practice.

Note 1

Through the 2025/26 audit cycle and within this Annual Audit Report, we have noted several governance matters throughout the period, predominantly relating to the lack of meetings arranged, which ensure the appropriate scrutiny necessary but also to allow for the expected smooth running of a relatively low complexity body. The risk posed by this matter is impacts our risk assessment and requires subsequent additional audit effort, with subsequent documentation and reporting requirements, which are reflected in the variation in fees noted above.

H Additional audit information

Introduction

In addition to the key areas of audit focus outlined within the plan, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities under auditing standards

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Service's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the going concern basis of accounting.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Read other information contained in the financial statements, the Joint Committee reporting appropriately addresses matters communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements.
- Maintaining auditor independence.

- communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements.
- Maintaining auditor independence.

Purpose and evaluation of materiality

- For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.
- Materiality determines the locations at which we conduct audit procedures, and the level of work performed on individual account balances and financial statement disclosures.
- The amount we consider material at the end of the audit may differ from our initial determination. At this stage it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit, we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

H Additional audit information (cont.)

Audit Quality Framework/Annual Audit Quality Report

- Audit Scotland are responsible for applying the Audit Quality Framework across all audits. This covers the quality of audit work undertaken by Audit Scotland staff and appointed firms. The team responsible are independent of audit delivery and provide assurance on audit quality to the Auditor General and the Accounts Commission.
- We support reporting on audit quality by proving additional information including the results of internal quality reviews undertaken on our public sector audits. The most recent audit quality report can be found at: Quality of public audit in Scotland: Annual report 2025/26 | Audit Scotland
- EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details can be found in our annual Transparency Report: https://www.ey.com/en_uk/about-us/transparency-report

This report

This report has been prepared in accordance with Terms of Appointment Letter from Audit Scotland through which the Accounts Commission has appointed us as external auditor of West of Scotland Archaeology Service for financial years 2022/23 to 2026/27.

This report is for the benefit of the Service and is made available to the Accounts Commission and Audit Scotland (together “the Recipients”).

This report has not been designed to be of benefit to anyone except the Recipients. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Recipients, even though we may have been aware that others might read this report.

Any party other than the Recipients that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Recipient's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, Ernst & Young LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Recipients.

Complaints

If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with Stephen Reid who is our partner responsible for services under appointment by Audit Scotland, email sreid2@uk.ey.com. If you prefer an alternative route, please contact Anna Anthony, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you.

Should you remain dissatisfied with any aspect of our service, or with how your complaint has been handled, you can refer the matter to Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN. Alternatively you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

EY | Building a better working world

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UKC-030109 (UK) 08/23. Artwork by Creative UK.
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