

# West of Scotland Archaeology Service

Annual Audit Plan  
Year Ended 31 March 2024

**6 March 2026**



Building a better  
working world

## This report

This report has been prepared in accordance with Terms of Appointment Letter, through which Audit Scotland and the Accounts Commission have 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 Audit Scotland and the Accounts Commission (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 will be available on Audit Scotland's website and we have therefore taken steps to comply with the Public Sector Bodies Accessibility Regulations 2018.

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# 1. Executive summary

## Purpose of our plan

The Accounts Commission for Scotland appointed EY as the external auditor of West of Scotland Archaeology Service (“the Service” or the “Joint Committee”) for the five year period to 2026/27.

This Annual Audit Plan, prepared for the benefit of senior management and the Joint Committee, sets out our proposed audit approach for the audit of the financial year ended 31 March 2024. In preparing this plan, we have developed our understanding of the organisation through:

- Regular discussions with management,
- Review of key documentation and committee reports; and
- Our understanding of the environment in which the Service is currently operating.

Our audit quality ambition is to consistently deliver high-quality audits that serve the public interest. A key objective of our 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, including observations around where the Service employs best practice and where processes can be improved. As we note in Appendix F, we will follow up each recommendation throughout our appointment to ensure implementation.

We use data insights where possible to form our audit recommendations to support the Service in improving its practices around financial management and control, and in

aspects of the wider scope dimensions of audit. These are highlighted throughout our reporting together with our judgements and conclusions regarding arrangements.

After consideration by the Joint Committee members, the finalised plan will be provided to Audit Scotland and published on their website.

## Scope and Responsibilities

We undertake our audit in accordance with the Code of Audit Practice (the Code), issued by Audit Scotland in June 2021; International Standards on Auditing (UK); relevant legislation; and other guidance issued by Audit Scotland. The Code sets out the responsibilities of both the Service and the auditor, more details of which are provided in Appendix A.

## Independence

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

### Our key contact:

Rob Jones, Engagement Lead  
[rjones9@uk.ey.com](mailto:rjones9@uk.ey.com)

## | 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, in accordance with applicable law and the 2023/24 Code of Accounting Practice, of the income and expenditure of the Service for the year ended 31 March 2024;
- have been properly prepared in accordance with IFRSs, as interpreted and adapted by the 2023/24 Code; and
- 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 are required to plan our audit to determine with reasonable confidence whether the financial statements are free from material misstatement. The assessment of what is material is a matter of professional judgement over both the

amount and the nature of the misstatement. Our key considerations and materiality values are set out in Exhibit 1, below.

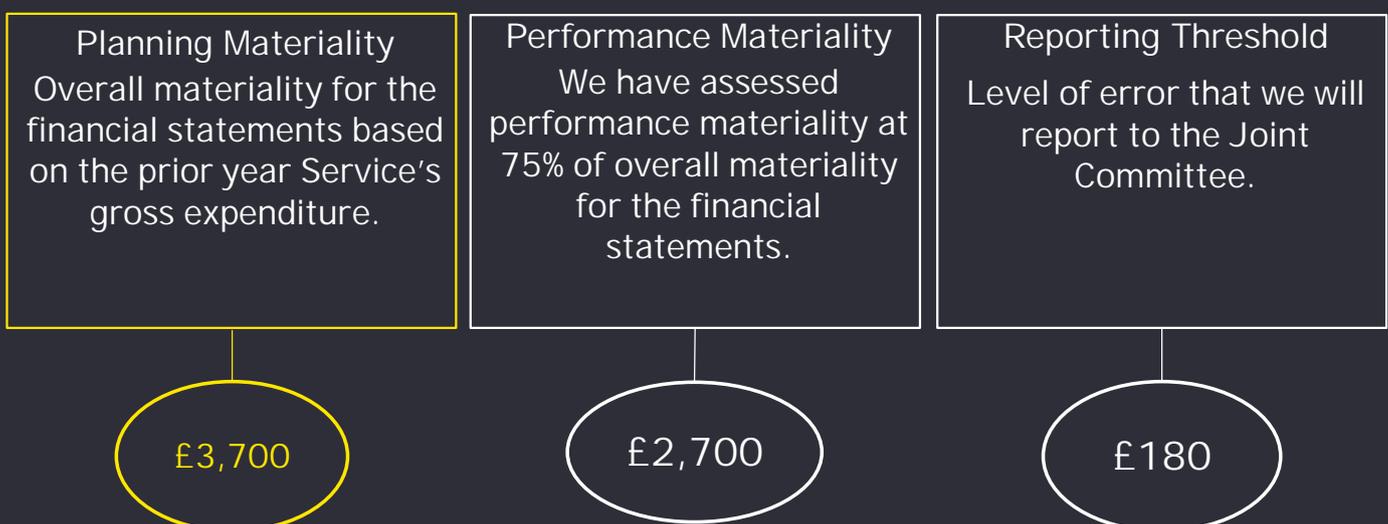
## | Wider Scope and Best Value

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. The Service meets the definition of a less complex body and this requires consideration of:

- The regard shown to financial sustainability; and
- Clarity of plans to implement the vision, strategy and priorities of the Service, and the effectiveness of governance arrangements for delivery.

Best Value considerations will be integrated with our wider scope annual audit work. We will report on how the Service demonstrates that it has Best Value arrangements in place to secure continuous improvement.

## | Exhibit 1: Materiality Assessment in 2023/24



| **Exhibit 2:** Summary of significant and inherent risks identified for the audit of West of Scotland Archaeology Service Joint Committee

One significant risk impacting the audit of financial statement has been identified in Section 3:

<p><b>1. Risk of fraud in expenditure, including through management override</b></p>	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>Management is in a unique position to perpetrate fraud due to the ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.</p>
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We raised three recommendations within our 2022/23 Audit Results Report which identified wider scope risks which we will follow up on within 2023/24.

## | 2. Sector developments

### Introduction

In accordance with the principles of the Code, our audit work considers key developments in the sector. We obtain an understanding of the strategic environment in which the Service operates to inform our audit approach.

### | West of Scotland Archaeology Service

The primary purpose of the Archaeology Service is to provide planning related archaeological advice to its member councils to allow them to discharge their duties in respect of Scottish Government planning guidance for the treatment of archaeological remains in the planning process.

During the prior period, the service dealt with 1,935 new casework items, a 7.2% increase on the total of the previous reporting year. The new casework items comprised consultation on 973 planning applications, monitoring 621 Weekly Lists of Planning Applications, and 341 other casework items.

### | Local Government Finances 2022/23

In January 2024, the Accounts Commission published its annual report on Local Government finances in Scotland. The report notes that even with more funding received due to high inflation in 2022/23 total revenue funding fell by 2.8% in real terms.

The amount of funding available for councils to spend freely on local priorities is reducing.

There is a pressure on all public sector capital budgets, and this presents risks to the viability of local government capital programmes, many of which impact on key services (e.g. the construction and maintenance of schools, libraries, roads). Capital funding from the Scottish Government rose in 2022/23 but remains lower than before the pandemic and has been volatile over the past decade.

The Accounts Commission note that Councils are increasingly having to rely on savings and reserves to balance budgets. Achievement of savings targets was good in 2022/23 and improved on 2021/22. Greater transparency is required in the reporting of financial outturn in accounts, including savings performance. This transparency and timely public engagement are essential as councils make increasingly difficult decisions to reduce or stop services to help balance budgets.

# | 3. Financial statements: Our approach and assessment of significant risks

## Introduction

The publication of the annual financial statements allow the Service to demonstrate accountability for, and its performance in the use of its resources. They are prepared in accordance with proper accounting practice, which is represented by the 2023/24 Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

### | Our responsibilities

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 in accordance with applicable law and the 2023/24 Code of the state of affairs of the Service as at 31 March 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs, as interpreted and adapted by the 2023/24 Code; and
- 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 by the Service along with its financial statements.

### | Other Statutory Information

The management commentary and narrative reporting within the financial statements continues to be an area of increased scrutiny as a result of rising stakeholder expectations, including continuing interest by the Financial Reporting Council.

### | Audit Approach

For 2023/24 we plan to follow a predominantly 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.

## | Audit Approach (continued)

- 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 financial statements.
- Reading other information contained in the financial statements to form 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).

## | Materiality

For planning purposes, materiality for 2023/24 has been set at £3,700 (2022/23: £3,600). This represents 2% of the Service's prior year gross expenditure.

Materiality will be reassessed throughout the audit process and will be communicated to the Joint Committee within our annual audit report.

Our assessment concluded that gross operating expenditure is the most appropriate basis for determining planning materiality for the Service.

We consider misstatements greater than 2% of the gross expenditure to be material. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations. We have provided supplemental information about audit materiality in Appendix F.

## | Specific Materiality

We consider all accounts and disclosures within the financial statements individually to ensure an appropriate materiality is used. In determining their materiality, we consider both the quantitative and qualitative factors that could drive materiality for the users of the financial statements. Accordingly, we determine it is appropriate to use lower levels of materiality for some areas of the financial statements, including:

- Remuneration report - given the sensitivity around the disclosure of senior staff remuneration we apply a lower materiality threshold (£1,000) to our audit consideration around the remuneration report and related disclosures.
- Related party transactions - which are considered material when they are material to either party in the transaction. We do not apply a specific materiality but consider each transaction individually.

| Exhibit 3: Materiality Assessment in 2023/24

Element	Explanation	Value
Planning materiality	<p>The amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.</p> <p>This represents 2% (PY: 2%) of the Service's Current year gross expenditure.</p>	£3,700
Performance materiality	<p>Materiality at an individual account balance, which is set to reduce the risk that the aggregate of uncorrected and undetected misstatements exceeds Planning Materiality to an acceptably low level.</p> <p>We have set it at 75% (PY: 50%) of planning materiality. This level reflects our risk assessment for prior year audit results.</p>	£2,700
Reporting Level	<p>The amount below which misstatements whether individually or accumulated with other misstatements, would not have a material effect on the financial statements.</p> <p>We have set it as 5% of planning materiality.</p>	£180

# Our response to significant risks

## Introduction

Auditing standards require us to make communications to those charged with governance throughout the audit. At the Service, we have agreed that these communications will be to the Joint Committee. The financial statements and our annual audit report will also be reported to the Joint Committee.

One of the key purposes of our annual audit plan is to communicate our assessment of the risk of material misstatement in the financial statements.

We are required to plan our audit to determine with reasonable confidence whether the financial statements are free from material misstatement. The assessment of what is material is a matter of professional judgement over both the amount and the nature of the misstatement.

We set out in the following sections the significant risks (including fraud risks

denoted by \*) that we have identified for the current year audit, along with the rationale and expected audit approach. In 2023/24 we have identified one significant risk:

- Risk of fraud in income and expenditure recognition, including through management override of control\*

Other than income and expenditure recognition, we have not identified any specific areas where management override will manifest as a significant fraud risk, however we will continue to consider this across the financial statements throughout the audit.

The risks identified may change to reflect any significant findings or subsequent issues we identify during the audit. We will provide an update to the Joint Committee if our assessment changes significantly during the audit process.

# 1. Risk of fraud in income and expenditure recognition, including through management override of control

## Financial Statement Impact

Misstatements that occur in relation to the risk of fraud in revenue and expenditure recognition could affect the expenditure and revenue accounts.

This 2022/23 account balance in the audited financial statements were:

- Total expenses: £182k
- Total revenue: £174k

What is the risk?

Under ISA 240 there is a presumed risk that income may be misstated due to improper recognition of income. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which means we also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

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 for contributions from participating authorities and subsequent expenditure in the correct accounting period and in line with the terms and conditions of those transactions.

What work will we perform?

We will:

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

| What work will we perform? (continued)

In addition, we will perform mandatory procedures regardless of specifically identified fraud risks, including:

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

Having evaluated this risk we will consider whether we need to perform any other specific audit procedures not referred to above.

# 4. Best Value and Wider Scope Audit

## Introduction

In June 2021, Audit Scotland and the Accounts Commission published a revised 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 areas that comprise the wider scope audit for public sector in Scotland:

- Financial management;
- Financial sustainability;
- Vision, Leadership and Governance; and
- The 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 have assessed that the Service meets the definition of a less complex public body based on the nature of its operations and the size and we will therefore apply Code's provision in relation to our wider scope work.

As part of our risk assessment procedures, we have reviewed each dimension to assess potential areas of risk. This section sets out our areas of focus, along with any specific significant risks relating to each dimension.

While we undertake work across the dimensions of public audit on an annual basis, any areas highlighted as significant risks will represent the issues where we expect to direct most of our audit effort. Any changes in this assessment will be communicated to the Joint Committee.

Our wider scope audit work, and the judgements and conclusions reached in these areas, contribute to the overall assessment of and assurance over the achievement of Best Value.

## 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.

We recognise that the key uncertainties about future cost pressures remain, despite casework activity remaining steady.

There was a deficit of £6k in 2022/23, resulting in a reserves balance of £159k being carried forward into 2023/24. This remains considerably in excess of the amount recommended by the Reserves Policy, representing 163% of the figure proposed as an appropriate financial reserve in the most recent review of the Service's Reserves Policy, and at a level which is likely to require further reduction in the future.

Our work in 2023/24 will focus on:

- Consideration of robustness of the budget setting and monitoring process;
- Discussions with Finance manager / Section 95 officer.
- Review of financial reporting to the Joint Committee, including management accounts and budgets / medium term financial planning and financial strategy going forward.

## Vision, leadership and governance



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

Management's review of the Service's key strategic documents remain out of date and require updating, including the Minute of Agreement, Business Plan and Service Level Agreements. In addition, a lack of clarity over future member authority contributions presents challenges for future financial planning. Furthermore, the 22/23 financial statements were approved and the audit completed nine months after the local government deadline. We included recommendations to management in our 2022/23 Annual Audit Report in relation to these issues that can be found at Appendix F.

The Service is covered by the internal audit arrangements in place at the lead authority, Glasgow City Council (GCC). No issues were identified in relation to the Service in 2022/23.

Our work in 2023/24 will focus on:

- Consideration of the disclosures within the Governance Statement;
- Review of the coverage of internal audit arrangements during 2023/24, including any significant findings identified and the work done to address issues identified;
- Consideration of the quality of reporting and information provided to key decision makers, and evidence of effective challenge and scrutiny; and
- Follow up recommendations made within our 2022/23 Annual Audit Report.

## Appendices

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Code of audit practice: Responsibilities

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Independence report

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Required communications with the Joint Committee

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Timeline of communications and deliverables

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Audit fees

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Prior year audit recommendations

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Additional audit information

# 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.

# 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; and
- the impact of planned future policies and foreseeable developments on their financial position.

### | Responsibilities for Best Value, community planning 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)

### | 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 and, other than local government, requirements set out in the Scottish Public Finance Manual.

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

### 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 planning 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 December 2019, requires that we communicate formally both at the planning 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 to you 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; and
- An opportunity to discuss auditor independence issues.

We confirm that we have undertaken client and engagement continuance procedures, including our assessment of our continuing independence to act as your external auditor.



## Required communications

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

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Audit, Risk and Scrutiny Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	Audit Scotland Terms of Appointment letter – 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	This audit planning report
Planning and audit approach	Communication of the planned 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.	This audit planning report
Significant findings from the audit	<ul style="list-style-type: none"> <li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>• Significant difficulties, if any, encountered during the audit</li> <li>• Significant matters, if any, arising from the audit that were discussed with management</li> <li>• Written representations that we are seeking</li> <li>• Expected modifications to the audit report</li> <li>• Other matters if any, significant to the oversight of the financial reporting process</li> <li>• Findings and issues regarding the opening balance on initial audits</li> </ul>	Audit results report

# C

## Required communications

### Our Reporting to you

Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>• Whether the events or conditions constitute a material uncertainty;</li> <li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and,</li> <li>• The adequacy of related disclosures in the financial statements.</li> </ul>	Audit results report
Misstatements	<ul style="list-style-type: none"> <li>• Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation;</li> <li>• The effect of uncorrected misstatements related to prior periods;</li> <li>• A request that any uncorrected misstatement be corrected;</li> <li>• Corrected misstatements that are significant; and,</li> <li>• Material misstatements corrected by management.</li> </ul>	Audit results report
Fraud	<ul style="list-style-type: none"> <li>• Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity;</li> <li>• Any fraud that we have identified or information we have obtained that indicates that a fraud may exist; and,</li> <li>• A discussion of any other matters related to fraud.</li> </ul>	Audit results report
Internal controls	Significant deficiencies in internal controls identified during the audit.	Audit results report

# C

## Required communications

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<ul style="list-style-type: none"> <li>• Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</li> <li>• Non-disclosure by management;</li> <li>• Inappropriate authorisation and approval of transactions;</li> <li>• Disagreement over disclosures;</li> <li>• Non-compliance with laws and regulations; and,</li> <li>• Difficulty in identifying the party that ultimately controls the entity.</li> </ul>	Audit results report
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>• The principal threats</li> <li>• Safeguards adopted and their effectiveness</li> <li>• An overall assessment of threats and safeguards; and,</li> <li>• Information about the general policies and process within the firm to maintain objectivity and independence.</li> </ul>	This audit planning report and audit results report
External confirmations	<ul style="list-style-type: none"> <li>• Management's refusal for us to request confirmations.</li> <li>• Inability to obtain relevant and reliable audit evidence from other procedures.</li> </ul>	Audit results report
Representations	Written representations we are requesting from management and/or those charged with governance.	Audit results report

# C

## Required communications

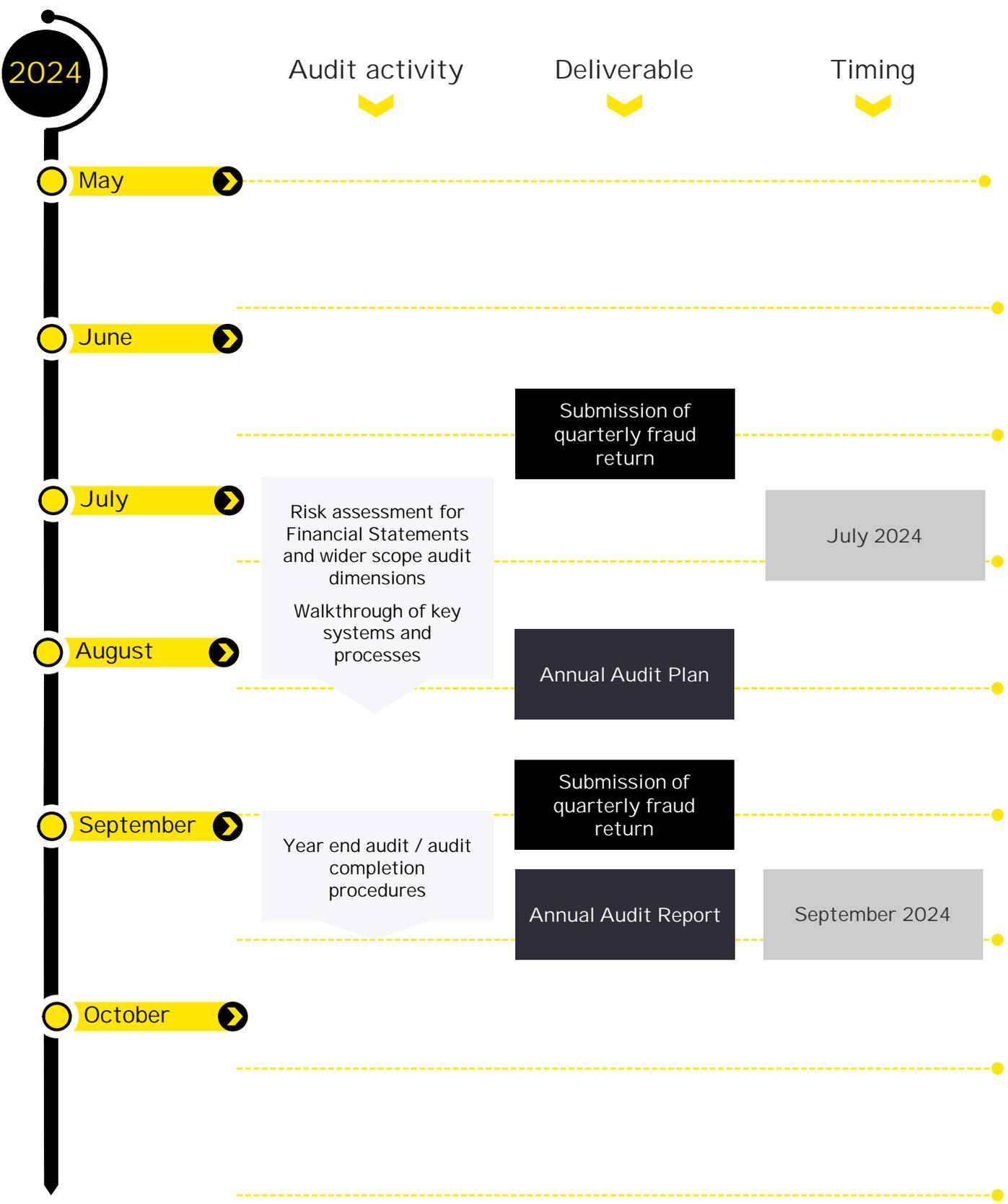
### Our Reporting to you

Required communications	What is reported?	When and where
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>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.</li> <li>Enquiry of the Audit, Risk and Scrutiny Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit, Risk and Scrutiny Committee may be aware of.</li> </ul>	Audit results report
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise.	Audit results report
Auditors report	Any circumstances identified that affect the form and content of our auditor's report.	Audit results report
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.	Audit results report
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.	Audit results report

# D

## Timeline of communication and deliverables

Please note that the below timetable is subject to change.



## E Audit Fees

A1

### 2023/24 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.

	2023/24	2022/23
Component of fee:		
Auditor remuneration – expected fee	£xxx	£2,390
Additional audit procedures (Note 1)	TBC	£xxx
Total fee	£xxx	£2,390

The expected fee, set by Audit Scotland, assumes that the Service has well-functioning controls, an effective internal audit service, and an average risk profile.

#### Note 1

Where auditors identify that additional work is required because of local risks and circumstances in a body, the auditor may negotiate an increase to auditor remuneration by up to 10% of auditor remuneration. We will agree a timetable and expectations for the audit with management. Should additional audit requirements arise, due to delays or emerging areas of risk, we will raise these with management through the course of the audit and agree variations as appropriate, and report the final position to the Joint Committee within our Annual Audit Report.

A1

**Update table**

Author, 2024-06-21T14:36:15.560

# F

## Prior year audit recommendations

As part of our annual audit procedures we will follow up the specific recommendations made within our 2022/23 Annual Audit Report. The three recommendations from prior year is outlined below, along with the response from management.

No.	Findings and / or risk	Recommendation / grading	Management response / Implementation timeframe
1.	<p>A key mitigation against non-compliance with financial statement disclosure requirements is the completion of a detailed disclosure checklist by management in advance of the audit process.</p> <p>Grade 2</p>	<p>We recommended management regularly review Guidance Notes to Practitioners and other recommendations provided by the CIPFA Code in respect of the financial statement.</p> <p>We also recommend management to complete Code of Practice on Local Authority Accounting UK Disclosure Checklist while preparing Financial statement.</p>	<p>Management Response: <span style="border: 1px solid black; padding: 2px;">A1</span></p> <p>TBD</p> <p>Responsible Officer: TBD</p> <p>Implementation date: TBD</p>

A1

To update all of these with management response when we've got it.

Author, 2024-06-27T11:51:52.974

# F

## Prior year audit recommendations (continued)

No.	Findings and / or risk	Recommendation / grading	Management response / Implementation timeframe
2	<p>As noted through our report, WOSAS has submitted financial statements significantly after the statutory deadline for a number of years.</p> <p>Grade 2</p>	<p>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.</p>	<p>Management Response: TBD</p> <p>Responsible Officer: TBD</p> <p>Implementation date: TBD</p>

# F

## Prior year audit recommendations (continued)

No.	Findings and / or risk	Recommendation / grading	Management response / Implementation timeframe
3	<p>A number of key strategic documents were reported in 2021/22 to not be updated to reflect recent changes.</p> <p>These include:</p> <ul style="list-style-type: none"> <li>• Minute of Agreement</li> <li>• Business Plan</li> <li>• Service level Agreement</li> <li>• ICT Service Level Agreement</li> </ul> <p>Ongoing delays in addressing these issues increases the risk that the strategic objectives of the service are not delivered.</p> <p>Work remains ongoing in respect of management's review and update of key strategic and governance documents.</p> <p>Grade 2</p>	<p>Key strategic and governance documents should be updated to reflect the strategic objectives and direction of the organisation going forward.</p>	<p>Management Response:</p> <p>TBD</p> <p>Responsible Officer:</p> <p>TBD</p> <p>Implementation date:</p> <p>TBD</p>

# G

## 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; and

- 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.

# G

## Additional audit information continued

### | 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 providing 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: <https://www.audit-scotland.gov.uk/publications/quality-of-public-audit-in-scotland-annual-report-202223>
- 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](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 Board 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, telephone 0131 777 2839, email [sreid2@uk.ey.com](mailto:sreid2@uk.ey.com). If you prefer an alternative route, please contact Hywel Ball, 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.

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