

VJB16. Annual Report to Those Charged with Governance and the Controller of Audit for Financial Year Ended 2020/21

The Board considered a report by the Treasurer which advised of the findings from the work carried out by the External Auditors on the Audit of the 2020/21 Financial Statements.

Appendix A of this report contained a covering letter from the Auditor and the Independent Auditors Report. This set out the basis of the Audit work and the Audit opinion. Also contained was Appendix B which was the Letter of Representation (ISA 580) to the Auditor which the Board was required to prepare confirming the representations that had been made in connection with the Audit of the Boards annual accounts for the year ended 31 March 2021. On approval, this letter would be signed by the Boards Treasurer. Following on from the Letter of Representation (ISA 580) was the 2020/21 Annual Audit Report.

The 2020/21 Annual Audit Report was appended to the report and set out the significant findings from the 2020/21 Audit of the Boards Annual Accounts (Exhibit 2). The report covered the scope of the Audit as set out in the Annual Audit Plan presented to the Board in March 2021 which included consideration of the Financial Sustainability of the Board.

Appendix 1 of the Annual Audit Report also set out recommendations and provided an action plan which had been agreed with Treasurer and the Assessor. Contained within the action plan was an update on progress on recommendations brought forward from 2019/20.

Ursula Lodge sought for confirmation of any instances of actual or suspected alleged fraud that had occurred since date of the financial statement or material non-compliance with laws and regulation. There were no issues raised.

Following a question about what the term 'materiality' meant in the context of the assessment of materiality and associated levels, Emma-Rose Mackie clarified that when evaluating public bodies, gross expenditure was the key focus. Audit Scotland based the Overall materiality between 0.5 - 2% of gross expenditure and due to CSVJB having no history of errors, Audit Scotland opted to set it at 1%. In Perform materiality, lower risk audits should have higher Performance materiality hence why CSVJB was awarded 75% due to the low risk.

The Board then asked what actions were in place for the £0.457m funding gap to which the Treasurer explained this was a normal funding gap which took into account inflation and pressures, usually related to staffing as well as specifics for that year. The Treasurer, Assessor and Convener annually discussed where savings could have been brought forward to aid some of the anticipated pressures. However, despite the positive position the Board was in, it was recognised that it was becoming increasingly difficult to accumulate savings. Lindsay Sim suggested that the changes proposed going forward to look for savings and make efficiencies could make the budget gap attainable. The Assessor

reiterated that the Board was working towards an underspend for the year whilst continuing to look for where efficiencies could be made – a change in pressures may occur when the adoption of 3-yearly evaluations were implemented. A degree of uncertainty was inherent, particularly when planning for 5–10-year periods.

Decision

The Board:-

- 1. noted the content of the Independent Auditor's Report;**
- 2. approved the content of the Letter of Representation (ISA 580) (Appendix A), and**
- 3. noted the recommendations for improvement and the follow up on prior year recommendations within Appendix 1 of the Annual Audit Report (Appendix B).**