

## Significant findings and key audit matters

**19.** Under ISA (UK) 260, we communicate significant findings from the audit to the council, including our view about the qualitative aspects of the council's accounting practices.

**20.** The Code of Audit Practice also requires me to highlight key audit matters, which are defined in ISA (UK) 701 as those matters judged to be of most significance.

**21.** We have highlighted one issue in relation to the treatment of unfunded pension liabilities at paragraphs 23 and 26. We are satisfied appropriate adjustments have been made by West Lothian Council.

## Audit work responded to the risks of material misstatement we identified in the annual accounts

**22.** We have obtained audit assurances over the identified significant risks of material misstatement in the annual accounts. [Exhibit 2](#) sets out the significant risks of material misstatement to the financial statements identified in the 2023/24 Annual Audit Plan. It also summarises the further audit procedures performed during the year to obtain assurances over these risks and the conclusions from the work completed.

### Exhibit 2

#### Significant risks of material misstatement in the annual accounts

Audit risk	Assurances, results and conclusions
<p><b>1. Risk of material misstatement due to fraud caused by management override of controls</b></p> <p>As stated in ISA (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p><b>Controls</b></p> <ul style="list-style-type: none"> <li>Assessed the design and implementation of controls over journal entry processing.</li> </ul> <p><b>Methodology and assumptions</b></p> <ul style="list-style-type: none"> <li>Assessed any changes to the methods and underlying assumptions used by management to prepare accounting estimates compared to the prior year.</li> </ul> <p><b>Testing</b></p> <ul style="list-style-type: none"> <li>Made inquiries of relevant officers about inappropriate or unusual activity relating to the processing of journal entries and other adjustments and substantively testing journal entries throughout the year.</li> <li>Evaluated any significant transactions outside the normal course of business.</li> <li>Confirmed through substantive testing that income and expenditure transactions around the year-end have been accounted for in the correct financial year.</li> <li>Tested samples of accruals and prepayments.</li> <li>Reviewed the processes regarding identification and disclosure of related parties.</li> </ul>