

Tayside Valuation Joint Board Audit of 2019/20 annual accounts

18 August 2020

Independent auditor's report

1. Our audit work on the 2019/20 annual accounts is now substantially complete. Subject to the receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report following approval of the annual accounts by the Joint Board on 24 August 2020. The proposed independent auditor's report is attached at [Appendix A](#).

Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Joint Board's consideration our proposed annual report on the 2019/20 audit. The section headed "We have reported significant findings from the audit of the accounts" sets out the issues identified in respect of the annual accounts.
3. The report also sets out conclusions from our consideration of the audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice.
4. This report will be issued in final form after the annual accounts have been certified.

Unadjusted misstatements

5. We also report to those charged with governance all unadjusted misstatements which we have identified during our audit, other than those of a trivial nature and request that these misstatements be corrected. We have no unadjusted misstatements to be corrected.

Fraud, subsequent events and compliance with laws and regulations

6. In presenting this report to the Joint Board we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.

Representations from management

7. As part of the completion of our audit, we are seeking written representations from management on aspects of the annual accounts, including the judgements and estimates made.
8. A draft letter of representation is attached at [Appendix B](#). This should be completed on the joint board's headed 'paper', signed and returned to us by the Section 95 Officer with the signed annual accounts prior to the independent auditor's report being certified.

Concluding remarks

9. I take this opportunity to record my thanks for the patient and courteous assistance extended to the audit team. Staff provided good support to the audit team which helped to ensure that the audit process ran smoothly.

Bruce Crosbie
Senior Audit Manager
Audit Scotland
4th Floor
102 Westport
Edinburgh
EH3 9DN

APPENDIX A: Proposed Independent Auditor's Report

Independent auditor's report to the members of Tayside Valuation Joint Board and the Accounts Commission

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Tayside Valuation Joint Board for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Expenditure and Funding Analysis, Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view, in accordance with applicable law and the 2019/20 Code, of the state of affairs of Tayside Valuation Joint Board as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code; and
- 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.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is four years. I am independent of the Tayside Valuation Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Tayside Valuation Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Tayside Valuation Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Treasurer and Tayside Valuation Joint Board for the financial statements

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the Tayside Valuation Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Tayside Valuation Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements.

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of my auditor's report.

Other information in the annual accounts

The Treasurer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Bruce Crosbie FCCA
Senior Audit Manager
Audit Scotland
4th Floor
102 Westport
Edinburgh
EH3 9DN

24 August 2020

APPENDIX B: Letter of Representation (ISA 580)

Bruce Crosbie FCCA
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

Dear Bruce

Tayside Valuation Joint Board Annual Accounts 2019/20

1. This representation letter is provided about your audit of the annual accounts of Tayside Valuation Joint Board for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and annual governance statement.
2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Joint Board, the following representations given to you in connection with your audit of Tayside Valuation Joint Board for the year ended 31 March 2020.

General

3. Tayside Valuation Joint Board and I have fulfilled our statutory responsibilities for the preparation of the 2019/20 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by the Joint Board have been recorded in the accounting records and are properly reflected in the financial statements.
4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Financial Reporting Framework

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (2019/20 accounting code), and in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.
6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of the Tayside Valuation Joint Board at 31 March 2020 and the transactions for 2019/20.

Accounting Policies & Estimates

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2019/20 accounting code where applicable. Where the code does not specifically apply I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to Tayside Valuation Joint Board circumstances and have been consistently applied.
8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

9. I have assessed Tayside Valuation Joint Board's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on Tayside Valuation Joint Board's ability to continue as a going concern.

Assets

10. Where a rolling programme of asset valuations has been used, I have satisfied myself that the carrying amount of assets at 31 March 2020 does not differ materially from that which would be determined if a revaluation had been carried out at that date.
11. I carried out an assessment at 31 March 2020 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified.
12. I have provided you with all information of which I am aware regarding any valuation exercises carried out after 31 March 2020.
13. There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised within the financial statements.
14. Owned assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Liabilities

15. All liabilities at 31 March 2020 of which I am aware have been recognised in the annual accounts.
16. Provisions have been recognised in the financial statements for all liabilities of uncertain timing or amount at 31 March 2020 of which I am aware where the conditions specified in the 2019/20 accounting code have been met. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the obligation at 31 March 2020. Where the effect of the time value of money is material, the amount of the provision has been discounted to the present value of the expected payments.

17. Provisions recognised in previous years have been reviewed and adjusted, where appropriate, to reflect the best estimate at 31 March 2020 or to reflect material changes in the assumptions underlying the calculations of the cash flows.
18. The accrual recognised in the financial statements for holiday untaken by 31 March 2020 has been estimated on a reasonable basis.
19. The pension assumptions made by the actuary in the IAS 19 report for Tayside Valuation Joint Board have been considered and I confirm that they are consistent with management's own view.
20. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Contingent liabilities

21. There are no significant contingent liabilities, other than those disclosed in Note 26 to the financial statements, arising either under formal agreement or through formal undertakings requiring disclosure in the accounts. All known contingent liabilities have been fully and properly disclosed, including any outstanding legal claims which have not been provided under the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and IAS 37

Fraud

22. I have provided you with all information in relation to:
 - my assessment of the risk that the financial statements may be materially misstated because of fraud
 - any allegations of fraud or suspected fraud affecting the financial statements
 - fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

23. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

24. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2019/20 accounting code. I have made available to you the identity of all the Tayside Valuation Joint Board's related parties and all the related party relationships and transactions of which I am aware.

Remuneration Report

25. The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2014, and all required information of which I am aware has been provided to you.

Management commentary

26. I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

Corporate Governance

27. I confirm that the Tayside Valuation Joint Board has undertaken a review of the system of internal control during 2019/20 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.
28. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2020, which require to be reflected.

Events Subsequent to the Date of the Balance Sheet

29. All events subsequent to 31 March 2020 for which the 2019/20 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Greg Colgan

Treasurer to the Tayside Valuation Joint Board

Tayside Valuation Joint Board

Proposed 2019/20 Annual Audit Report



 AUDIT SCOTLAND

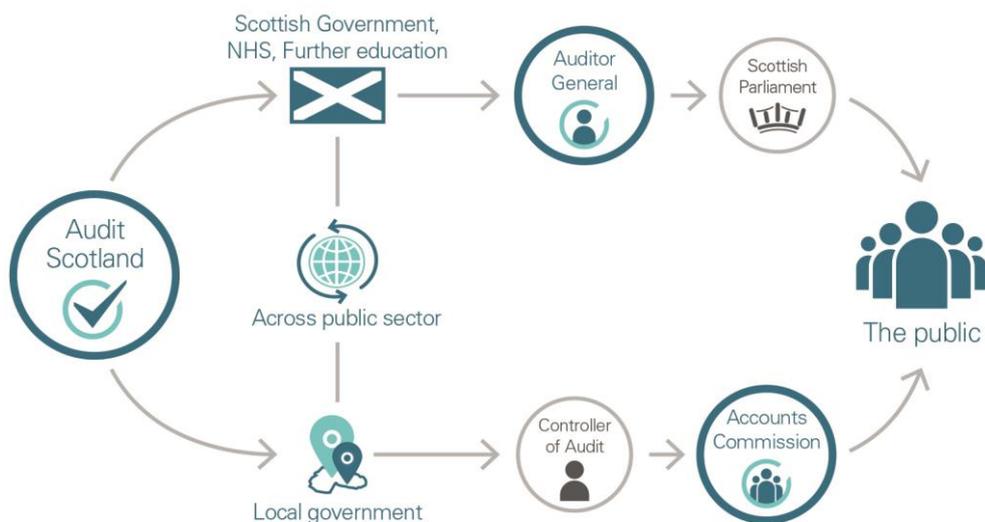
Prepared for the Members of Tayside Valuation Joint Board and the Controller of Audit

August 2020

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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Key messages

2019/20 annual report and accounts

- 1** The joint board's financial statements give a true and fair view and are properly prepared in accordance with the financial reporting framework.
- 2** The audited part of the remuneration report, management commentary and annual governance statement are all consistent with the financial statements and are prepared in accordance with relevant regulations and guidance.
- 3** Despite the Covid-19 pandemic, the annual accounts were submitted on time for audit and the original audit timetable was achieved.

Financial sustainability

- 4** The joint board's financial performance during 2019/20 was better than the joint board had anticipated.
- 5** The joint board's level of usable reserves has increased to £0.141 million and is in line with the its approved financial strategy.
- 6** Progress has been made with medium term financial planning and further improvements are planned to link financial planning to the joint board's strategic objectives

Governance and Transparency

- 7** The joint board has appropriate governance arrangements in place that support the scrutiny of decisions made.
- 8** Overall the joint board demonstrates a commitment to transparency in the way it conducts its business, although Board meeting minutes on the website are not up to date.

Introduction

1. This report summarises the findings from our 2019/20 audit of Tayside Valuation Joint Board (the joint board).

2. The scope of our audit was set out in our 2019/20 Annual Audit Plan presented to management on 23 March 2020. The Annual Audit Plan is scheduled to be presented to the August 2020 meeting of the Board. This report comprises the findings from:

- an audit of the annual accounts
- consideration of financial sustainability and the governance & transparency arrangements in the joint board.

3. Subsequent to the publication of the Annual Audit Plan, in common with all public bodies, the joint board has had to respond to the Covid-19 pandemic. This impacted on the final month of the year and will continue to have significant impact into financial year 2020/21. Our planned audit work has had to adapt to new emerging risks as they relate to the audit of the financial statements.

4. Our standard audits are based on four audit dimensions that frame the wider scope of public sector audit requirements as illustrated in [Exhibit 1](#).

Exhibit 1 Audit dimensions



Source: Code of Audit Practice 2016

5. The Code of Audit Practice 2016 (the Code) includes provisions relating to the audit of small bodies. Where the application of the full wider audit scope is judged by auditors not to be appropriate to an audited body then the annual audit work can

focus on the financial sustainability of the body and its services and the appropriateness of the disclosures in the annual governance statement.

6. As highlighted in our 2019/20 Annual Audit Plan, due to the volume and lack of complexity of the financial transactions, we applied the small body provisions of the Code to the 2019/20 audit of the joint board.

Adding value through the audit

7. We add value to the joint board through the audit by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations for improvements that have been accepted by management
- reporting our findings and conclusions in public
- sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides
- providing clear and focussed conclusions on the appropriateness, effectiveness and impact of corporate governance arrangements and financial sustainability

8. In so doing, we aim to help the joint board promote improved standards of governance, better management and decision making and more effective use of resources.

Responsibilities and reporting

9. The joint board has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices.

10. The joint board is also responsible for compliance with legislation putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.

11. Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the Code of Audit Practice (2016) and supplementary guidance and International Standards on Auditing in the UK.

12. As public sector auditors we give independent opinions on the annual report and accounts. Additionally, for the joint board we conclude on:

- the suitability and effectiveness of corporate governance arrangements, and
- the arrangements for securing financial sustainability.

13. In doing this we aim to support improvement and accountability. Further details of the respective responsibilities of management and the auditor can be found in the Code of Audit Practice 2016.

14. This report raises matters from our audit of the annual accounts and consideration of the audit dimensions. The weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

15. Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out a specific recommendation, responsible officer and date for implementation. It includes an update on an outstanding action from last year's action plan recommendation.

Auditor Independence

16. We confirm that we comply with the Financial Reporting Council's Ethical Standard. We have not undertaken any non-audit related services and therefore the 2019/20 audit fee of £7,450 as set out in our Annual Audit Plan, remains unchanged.

17. We are not aware of any relationships that could compromise our objectivity and independence.

18. This report is addressed to both the joint board and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

19. We would like to thank the management and staff for their cooperation and assistance during the audit.

Part 1

Audit of the 2019/20 annual accounts



Main judgements

The joint board's financial statements give a true and fair view and are properly prepared in accordance with the financial reporting framework.

The audited part of the remuneration report, management commentary and annual governance statement are all consistent with the financial statements and are prepared in accordance with relevant regulations and guidance.

Despite the Covid-19 pandemic, the annual report and accounts was submitted on time for audit and the original audit timetable was achieved.

Our audit opinions on the annual accounts are unmodified

20. The annual report and accounts are the principal means of accounting for the stewardship of the joint board's resources and its performance in the use of those resources.

21. The annual accounts for the joint board for the year ended 31 March 2020 were approved by the Board on 24 August 2020.

22. As reported within the independent auditor's report the:

- financial statements give a true and fair view and are properly prepared in accordance with the financial reporting framework
- the audited part of the remuneration report, management commentary and the annual governance statement are all consistent with the financial statements and are properly prepared in accordance with the applicable requirements.

The annual accounts were signed off on time

23. Unaudited annual accounts were scheduled to be provided for audit by 11 June 2020 to allow sign off by the Scottish Government deadline of 30 September 2020. Due to the impact of Covid-19, the Scottish Government extended the deadline for submission of local authority audited annual report and accounts to 30 November 2020 however we agreed with officers that the original timetable would be adhered to. The unaudited annual report and accounts were received on 11 June 2020 in line with the audit timetable set out in our 2019/20 Annual Audit Plan.

24. The unaudited annual report and accounts provided for audit were complete and of a good standard. Covid-19 had a significant impact on how we conducted our audit with remote working required by officers and the audit team. We are grateful to the joint board's finance staff for the assistance they provided in these circumstances which helped ensure the final accounts audit process ran relatively smoothly.

25. The completeness and accuracy of accounting records and the extent of information and explanations that we required for our audit were affected by the Covid-19 outbreak. Examples included:

- bank letters to support bank reconciliations were not provided by the bank
- asset physical verification.

26. However, we did not consider these to be material to our audit opinions and have not modified our opinion.

Overall materiality for the accounts is £79,000

27. The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement.

28. We carried out our initial assessment of materiality for the annual accounts during our planning phase of the audit. On receipt of the unaudited annual accounts we reviewed our planning materiality calculations and concluded that no changes were required to our planned levels. Our materiality levels are set out in [Exhibit 2](#).

Exhibit 2 Materiality values

Materiality level	Amount
Overall materiality - this is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 2% of gross expenditure for the year ended 31 March 2020.	£79,000
Performance materiality - this acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we have calculated performance materiality at 75% of overall materiality	£59,000
Reporting threshold - we are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount. This has been calculated at 5% of overall materiality.	£4,000

Source: Audit Scotland

Appendix 2 identifies the main risks of material misstatement and our audit work to address these

29. [Appendix 2](#) provides a description of those assessed risks of material misstatement in the annual accounts and any wider audit dimension risks that were identified during the audit planning process. It also summarises the work we have done to gain assurance over the outcome of these risks.

30. We have no issues to report from our work on the risks of material misstatement highlighted in our 2019/20 Annual Audit Plan.

Misstatements of £0.019 million were adjusted in the accounts. These were less than our performance materiality and we did not need to revise our audit approach

31. Misstatements identified during the audit, which exceeded our reporting threshold, were amended in the financial statements. Details of these misstatements, which totalled £0.019 million are noted below as significant findings.

32. We identified several presentational and disclosure issues which were discussed with management. These were adjusted and reflected in the audited annual accounts.

We have reported significant findings from the audit of the accounts

33. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance. Significant findings were identified during our audit and these are summarised in [Exhibit 3](#).

Exhibit 3 Significant findings from the audit of the financial statements

Finding	Resolution
<p>1. Revenue expenditure overstated</p> <p>Two transactions totalling £0.013 million have been included in the Comprehensive Income and Expenditure Statement as 2019/20 expenditure. £0.012 million of this related to services to be provided in 2020/21 and should have been accrued as a short term debtor.</p> <p>In addition, £0.007 million of expenditure on routers has been included in the Comprehensive Income and Expenditure Statement as revenue expenditure. This expenditure should have been capitalised by the joint board as Non-Current Assets.</p> <p>In correcting these misstatements £0.019 million is now included within creditors as a refund of contributions to constituent authorities and therefore there is no impact on the usable reserve balance.</p> <p>The impact of correcting the misstatements is to reduce net revenue expenditure and increase net assets by £0.007 million. This is due to the capitalisation of the routers which has now been financed from the Capital Contributions Receipts in Advance Account.</p>	<p>Management has adjusted for the misstatements in the 2019/20 annual accounts.</p>

Source: Tayside Valuation Joint Board Annual Accounts 2019/20

Limited progress was made on prior year recommendations

34. We made one recommendation in our Annual Report of 2018/19 and one follow up recommendation from the previous year. The joint board has made limited progress in implementing these audit recommendations. Details of actions taken, and any remedial action required are set out in [Appendix 1](#).

Part 2

Financial sustainability



Main judgements

The joint board's financial performance during 2019/20 was better than the joint board had anticipated.

The board's level of usable reserves has increased to £0.141 million and is in line with the joint board's approved financial strategy.

Progress has been made with medium term financial planning and further improvements are planned to link financial planning to the joint board's strategic objectives.

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.

Financial performance in 2019/20 was better than anticipated

35. The joint board approved its 2019/20 budget on 21 January 2019. The budget was set at £2.791 million, which was the same level as approved for 2018/19. The 2019/20 budget was to be met by £2.765 million of requisitions from constituent authorities, with the remaining £0.026 million deficit to be met from the joint board's general reserve.

36. The financial performance of the joint board during 2019/20 was such that no transfer from the general reserve transfer was required and a surplus of £0.039 million was achieved. Increasing the joint board's usable reserves to £0.141 million. This level is within the level contained within the joint board's approved financial strategy.

37. While the joint board came in £0.065 million under budget, there are variations in some areas of service, the most significant of which are summarised in [Exhibit 4](#).

Exhibit 4

Summary of significant (under) / overspends against budget

Area	(Under)/overspend	Reason for variance
Staff costs	£(0.145) million	A higher than normal level of vacancies, after the period of the move of the Headquarters and Dundee divisions to William Wallace House in Forfar, in addition to a delay in the recruitment of posts specific to the implementation of the Barclay Review.

Area	(Under)/overspend	Reason for variance
Supplies and services	£0.083 million	Higher than anticipated costs on printing, IT and postage incurred on Individual Electoral Registration, and legal fees towards ongoing valuation appeals.
Third party payments	£(0.016) million	Legal expenses were lower than anticipated due to a lower than expected number of contentious appeals.
Requisition income	£0.019 million	Refund of requisition income to constituent councils for lower than anticipated expenditure.

Source: Tayside Valuation Joint Board Annual Accounts 2019/20

Progress has been made with medium term financial planning

38. We reviewed the financial planning systems and assessed how effective they are in identifying and addressing risks to financial sustainability across the medium and long term.

39. In January 2020, the Board approved a report on its provisional revenue budget for the medium term from 2020/21 to 2024/25. The report set out the provisional revenue budget for 2020/21 and also included indicative revenue budgets for the following four years. This is a positive step toward longer term financial planning.

40. The joint board's Annual Governance Statement includes a continuous improvement agenda for 2020/21 improvement actions. The agenda includes an action to "investigate options for ensuring that the medium term financial strategy integrates with service priorities and resource constraints", which has been carried forward from the previous year. A revised action date of 30 September 2020 has been set for this improvement.

41. The report shows a requirement for constituent authorities over the period, increasing from £2.765 million in 2020/21 (the same as 2019/20) to £2.976 million by 2024/25, an increase of 7.5% over the period.

42. The joint board reviews the level of its uncommitted reserves when setting the budget each year. The joint board's approved reserves strategy specifies that the minimum uncommitted reserves should be £0.060 million. The level of uncommitted general fund reserves as at 31 March 2020 is in line with the approved strategy.

43. We have concluded that the joint board has adequate financial planning arrangements in place with further improvements identified for 2020/21. We have also concluded that the joint board's financial position is sustainable in the short-medium term.

National performance audit reports

44. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. [Appendix 3](#) highlights a number of the reports published in 2019/20.

Part 3

Governance and Transparency



Main Judgements

The joint board has appropriate governance arrangements in place that support the scrutiny of decisions made by the Board

The interim governance arrangements put in place following the coronavirus outbreak are appropriate.

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making and transparent reporting of financial and performance information.

Overall, governance and transparency arrangements were adequate in 2019/20

45. The joint board is governed by a Board (the Board) consisting of members from Dundee City, Angus and Perth & Kinross Councils. The Board meets quarterly.

46. The governance and transparency arrangements that we considered include:

- the structure and conduct of the Board
- openness and transparency
- overall arrangements and standards of conduct including those for the prevention and detection of fraud, error, bribery and corruption.

47. From our attendance at Board meetings we have observed that sufficient time is allowed to discuss the issues on the agendas and members are well prepared and ask appropriate questions.

48. Openness and transparency means that the public have access to understandable, relevant and timely information about how the joint board is taking decisions and how it is using resources such as money, people and assets.

49. The joint board demonstrates its commitment to transparency in a number of ways:

- members of the public can attend meetings of the Board
- agendas and minutes for the joint board meetings and supporting papers are available on the joint board's website
- the availability of the annual accounts on the website.

50. However, minutes on the joint board's website are not up to date. As at 24 August, the latest Board meeting minute available on the website relate to 18 November 2019.



Recommendation 1

Posting of Board minutes to the website should be kept up to date.

51. We have concluded that, overall, the joint board has appropriate governance and transparency arrangements in place that support the scrutiny of decisions made by the Board.

Amended governance arrangements were put in place from March 2020 as a result of Covid-19

52. The impact of Covid-19 from March 2020 on the governance arrangements has been set out in the Annual Governance Statement in the annual accounts. The joint board's existing Scheme of Delegation was relied on in order to ensure that officers acted in accordance with the powers which the Board has already delegated. Further interim governance arrangements were put in place including:

- all non-essential Board business deferred to ensure that all Board Members and all Officers can concentrate on supporting the Board through the Coronavirus period
- all essential Board business not covered by the Scheme of Delegation was dealt with as urgent matters by the Clerk, in consultation with the Chair and Vice-Chair of the Board.

53. We have concluded that the interim governance arrangements put in place following the coronavirus outbreak are appropriate.

The joint board has appropriate arrangements in place for prevention and detection of fraud and error

54. The joint board is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption. Furthermore, the board is responsible for ensuring that its affairs are managed in accordance with proper standards of conduct by putting effective arrangements in place.

55. We have reviewed the arrangements in place and concluded that appropriate arrangements are in place for the prevention and detection of fraud, error and irregularities, bribery and corruption. We are not aware of any specific issues that we need to bring to your attention.

Appendix 1

Action plan 2019/20



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>Governance arrangements</p> <p>Minutes on the joint board's website are not up to date. As at 24 August 2020, the latest Board meeting minute available on the website relate to 18 November 2019.</p> <p>Risk</p> <p>Members of the public do not have timeous access to information to allow them to scrutinise the Board's decision making.</p>	<p>Posting of Board minutes to the website should be kept up to date</p> <p>Paragraph 50</p>	<p>The Assessor will arrange for minutes to be updated on the joint board website more timeously.</p> <p>Responsible Officer: Assessor</p> <p>Agreed date: Immediate</p>

Follow up of prior year recommendations

PY1	<p>Governance arrangements</p> <p>Agendas and minutes on the joint board's website are not up to date. Agenda papers do not include the reports referred to in the agenda.</p> <p>Risk</p> <p>Members of the public do not have timeous access to information to allow them to scrutinise the Board's decision making.</p>	<p>Minutes should be published on the joint board's website as soon as possible after the meeting. Published agendas should include all reports referred to in the agenda in advance of the meeting date, unless the report is required to be considered in private session.</p>	<p>Partly completed: Board papers are now included on the joint board's website along with the Board meeting agenda. However, minutes on the joint board's website are not up to date. A revised recommendation has been included at point 1 above.</p>
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Appendix 2

Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion.

Risks of material misstatement in the financial statements

1 Risk of material misstatement caused by management override of controls

Auditing standards require that audits are planned to consider the risk of material misstatement caused by fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls that results in fraudulent financial statements.

- Detailed testing of journal entries.
- Review of accounting estimates.
- Focussed testing of accruals and prepayments.
- Evaluation of significant transactions that are outside the normal course of business

- No instances of management override of controls were identified.
- All journals and significant transactions tested (including accruals) were found to be appropriate.
- Sources of accounting estimates were reviewed and found to be without bias.
- We reviewed transactions for the year. No significant transactions were identified that were outside the normal course of the joint board's business.

2 Risk of material misstatement caused by fraud in expenditure

As most public-sector bodies are net expenditure bodies, the risk of fraud is more likely to occur in expenditure. There is a risk that expenditure may be misstated resulting in a material misstatement in the financial statements. The board incurs significant expenditure which requires audit coverage.

- Assessment of key financial controls over expenditure.
- Detailed testing of transactions focussing on the greater areas of risk.

- No significant issues were found in relation to controls in place across the key financial systems.
- From a review of expenditure transactions during the year, no issues were highlighted in relation to the risk of fraud over expenditure.

3 Risk of material misstatement caused by estimations and judgements

There is a significant degree of subjectivity in the measurement and valuation of the material account area of pensions. The subjectivity represents and increased risk of misstatement of the financial statements.

- Review of the 'work of an expert' for the actuary.
- Assessment of the appropriateness of actuarial assumptions.
- Focused testing of pensions.

- Estimations and judgements applied were tested to confirm they were appropriate and reasonable. No issues were highlighted with the estimates and judgements applied.
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Risks identified from the auditor's wider responsibility under the Code of Audit Practice

4 Financial sustainability – aligning budgets with strategic plans

The Board approved a provisional revenue budget for 2020/21 to 2024/25 in January 2020. The report set out the provisional revenue budget for 2020/21 and also included indicative revenue budgets, however there remains no formal medium to long term planning incorporating scenario planning. The joint board may fail to set realistic targets in its business plans or may be unable to achieve its objectives due to lack of resources.

- Monitoring of budget reports to look for alignment and integration with service priorities.

- The joint board's continuous improvement agenda for 2020/21 includes an action to "investigate options for ensuring that the medium term financial strategy integrates with service priorities and resource constraints", which has been carried forward from the previous year. A revised action date of 30 September 2020 has been set for this improvement. See paragraph 40.
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Appendix 3

Summary of national performance reports 2019/20



		Apr	
Social security: Implementing the devolved powers		May	
Scotland's colleges 2019		Jun	Enabling digital government
		Jul	
NHS workforce planning - part 2		Aug	
Finances of Scottish universities		Sept	
NHS in Scotland 2019		Oct	
		Nov	
Local government in Scotland: Financial overview 2018/19		Dec	
Scotland's City Region and Growth Deals		Jan	Privately financed infrastructure investment: The Non-Profit Distributing (NPD) and hub models
		Feb	
		Mar	Early learning and childcare: follow-up

Tayside Valuation Joint Board

Proposed 2019/20 Annual Audit Report

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Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500 E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk