

Tayside Valuation Joint Board meeting – Audit of 2020/21 annual accounts

30 August 2021

Independent auditor's report

1. Our audit work on the 2020/21 annual accounts is now substantially complete. Subject to receipt of a revised set of accounts for final review, we anticipate being able to issue our audit opinions in the independent auditor's report on 31 August 2021 (the proposed report is attached at [Appendix A](#)).

2. The proposed report includes our opinion that:

- the financial statements give a true and fair view of its financial position for the year ended 31 March 2021, and
- the audited part of the remuneration report, management commentary and annual governance statement are consistent with the financial statements and prepared in accordance with relevant regulations and guidance.

3. We also have nothing to report in respect of misstatements in the information accompanying the financial statements, the adequacy of accounting records, or the information and explanations we received during the audit.

Annual audit report

4. 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 draft annual report on the 2020/21 audit. The section headed "Significant findings from the audit in accordance with ISA 260" on page 8 sets out the issues identified in respect of the annual accounts.

5. The report also sets out conclusions from our consideration of the financial management and financial sustainability, and governance arrangements of the organisation.

6. This report will be issued in final form after the annual accounts have been certified.

Unadjusted misstatements

7. 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.

8. We have no unadjusted misstatements to be corrected.

Fraud, subsequent events and compliance with laws and regulations

9. 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 Section 95 Officer

10. As part of the completion of our audit, we are seeking written representations from the Section 95 Officer (i.e. the Treasurer) on aspects of the annual accounts, including the judgements and estimates made.

11. A template letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Section 95 Officer with the signed annual accounts prior to the independent auditor's report being certified.

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 2021 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 2020/21 (the 2020/21 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2020/21 Code of the state of affairs of Tayside Valuation Joint Board as at 31 March 2021 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 2020/21 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 June 2021. This is the first year of my appointment. I am independent of 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 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 concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on 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 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 judgements 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 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.

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 obtain 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how Tayside Valuation Joint Board is complying with that framework;
- identifying which laws and regulations are significant in the context of Tayside Valuation Joint Board;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Tayside Valuation Joint Board's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result 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.

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.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report

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

Statutory other information

The Treasurer is responsible for the statutory other information in the annual accounts. The statutory other information comprises the Management Commentary, Annual Governance Statement, Statements of Responsibilities and the unaudited part of the Remuneration Report.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on Management Commentary and Annual Governance Statement

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; or
- there has been a failure to achieve a prescribed financial objective.

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 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.

Richard Smith CPFA
Senior Audit Manager
4th Floor, 8 Nelson Mandela Place
Glasgow
G2 1BT

Appendix B: Letter of Representation (ISA 580)

<Signed copy of ISA 580 letter to be provided on headed paper with signed 2020/21 Annual Accounts>

30 August 2021

Richard Smith
Senior Audit Manager
Audit Scotland
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear Richard

Tayside Valuation Joint Board Annual Accounts 2020/21

1. This representation letter is provided about your audit of the annual accounts of Tayside Valuation Joint Board for the year ended 31 March 2021 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's annual accounts for the year ended 31 March 2021.

General

3. Tayside Valuation Joint Board and I have fulfilled our statutory responsibilities for the preparation of the 2020/21 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 Tayside Valuation 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 2020/21 (2020/21 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 Tayside Valuation Joint Board at 31 March 2021 and the transactions for 2020/21.

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 2020/21 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's 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 2021 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 2021 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 2021.

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 2021 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 2021 of which I am aware where the conditions specified in the 2020/21 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 2021. 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 2021 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 2021 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 27 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 2020/21 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 2020/21 accounting code. I have made available to you the identity of all of 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 Tayside Valuation Joint Board has undertaken a review of the system of internal control during 2020/21 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 2021, which require to be reflected.

Events Subsequent to the Date of the Balance Sheet

29. All events subsequent to 31 March 2021 for which the 2020/21 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Robert Emmott
Treasurer

30 August 2021

Tayside Valuation Joint Board

Proposed 2020/21 Annual Audit Report



 AUDIT SCOTLAND

Prepared for Tayside Valuation Joint Board and the Controller of Audit

30 August 2021

This page is intentionally left blank

Contents

Key messages	3
Introduction	4
Part 1. Audit of 2020/21 annual accounts	6
Part 2. Financial management and sustainability, and governance	10
Appendix 1. Action plan 2020/21	17
Appendix 2. Significant audit risks	18
Appendix 3. Summary of 2020/21 national performance reports	21

This page is intentionally left blank

Key messages

2020/21 annual report and accounts

- 1 The Joint Board's financial statements give a true and fair view of its financial position for the year ended 31 March 2021.
- 2 The audited part of the remuneration report, management commentary and annual governance statement are consistent with the financial statements and prepared in accordance with relevant regulations and guidance.

Financial management and sustainability

- 3 Appropriate budget monitoring and reporting arrangements are in place and a break-even position was achieved for the year ended 31 March 2021. However, the longer-term impact of the Covid-19 pandemic is likely to place additional pressure on the budget of the Joint Board in future years. Effective longer-term financial planning will be essential to ensure the Joint Board is prepared for these budget pressures and can make appropriate long-term spending decisions.

Governance

- 4 The Joint Board has appropriate and effective governance arrangements in place to support scrutiny of decision-making and conducts its business in an open and transparent manner. The Covid-19 pandemic has impacted on these arrangements since March 2020 but we have concluded that the revised arrangements put in place are appropriate and continue to support good governance and transparency.

Introduction

1. This report summarises the findings from our 2020/21 audit of Tayside Valuation Joint Board (the Joint Board).
2. We aim to 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
 - 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 focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

Scope of our audit

3. The scope of our audit was set out in our Annual Audit Plan presented to the June meeting of the Joint Board. This report comprises the findings from:
 - the audit of Tayside Valuation Joint Board's 2020/21 annual accounts, and
 - our consideration of the financial management and financial sustainability, and governance arrangements, of the Joint Board.

Impact of Covid-19

4. The global coronavirus pandemic has impacted all public sector organisations since March 2020. Known risks related to the pandemic were included in our plan, and we have adapted our audit work during the year to address any new risks that have emerged.

Auditor independence

5. Auditors appointed by the Accounts Commission must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies.
6. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2020/21 audit fee of £7,610, as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

Responsibilities and reporting

- 7.** Tayside Valuation Joint Board has responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices.
- 8.** The Joint Board is also responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.
- 9.** 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 \(2016\)](#), International Standards on Auditing in the UK, and supplementary guidance.
- 10.** As public sector auditors we give independent opinions on the annual accounts. The [Code of Audit Practice 2016](#) 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 appropriateness of the disclosures in the governance statement and the financial management and financial sustainability of the body. As highlighted in our 2020/21 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 2020/21 audit of the Joint Board.
- 11.** Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#).

Audit reporting

- 12.** The weaknesses or risks identified in this report 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.
- 13.** An agreed action plan setting out specific recommendations, responsible officers and dates for implementation is included at [Appendix 1](#).
- 14.** This report is addressed to both Tayside Valuation Joint Board and the Controller of Audit and will be published on Audit Scotland's website: www.audit-scotland.gov.uk

Acknowledgement

- 15.** We would like to thank the management and staff of Tayside Valuation Joint Board for their cooperation and assistance during the audit.

Part 1. Audit of 2020/21 annual accounts

The annual accounts are the principal means of an organisation accounting for the stewardship of resources and performance in using those resources

Main judgements

The Joint Board's financial statements give a true and fair view of its financial position for the year ended 31 March 2021.

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

Our audit opinions on the annual accounts are unmodified

16. The annual accounts for the year ended 31 March 2021 were approved by the Joint Board on 30 August 2021. We reported within our independent auditor's report our opinion that:

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

The audit of the 2020/21 annual accounts was completed in line with the original timetable

17. We received the unaudited annual accounts on 21 June 2021 in line with the agreed timetable. The accounts and working papers presented for audit were complete and finance staff provided good support to the audit team which helped ensure the final accounts audit was completed in line with the original timetable.

The inspection notice was placed in accordance with the required regulations and no objections were raised to the 2020/21 annual accounts

18. Regulation 9 of the [Local Authority Accounts \(Scotland\) Regulations 2014](#) requires a local authority to give public notice on its website by 17 June (at the latest) of the right to inspect its annual accounts. The specified date should be at least 14 days after the notice is published, but cannot be later than 1 July, and the inspection period should last for 15 working days from the date specified in the notice. As part of the audit we confirmed that the 2020/21

annual accounts inspection notice was placed in accordance with the regulations.

19. The regulations also require a local authority to give the right of interested persons to inspect and object to its accounts, as provided for by section 101 (rights of interested persons to inspect and copy documents and to object to accounts) (11) of the 1974 Act. No objections were raised to the 2020/21 annual accounts.

Our audit approach and testing reflected the calculated materiality levels

20. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the perceptions and decisions of users of the annual accounts. The assessment of what is material is a matter of professional judgement. A misstatement or omission, which would not normally be regarded as material by value, may be important for other reasons (for example, an item contrary to law). In forming our opinion on the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

21. Our initial assessment of materiality was undertaken during the planning phase of the audit and was based on the gross expenditure reported in the 2019/20 audited annual accounts. These materiality levels were reported in our Annual Audit Plan presented to the Joint Board in June 2021.

22. On receipt of the unaudited 2020/21 annual accounts we recalculated our materiality levels based on the actual gross expenditure for the year ended 31 March 2021. We concluded that there was no significant impact on the audit approach of the recalculated materiality levels. Our final materiality levels are summarised in [Exhibit 1](#).

Exhibit 1 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 2021.	£83,000
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 set performance materiality at 75% of overall materiality.	£62,000
Reporting threshold: We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount. This has been set at 5% of overall materiality.	£4,000

Source: Audit Scotland

Our audit identified and addressed the risks of material misstatement

23. [Appendix 2](#) provides our assessment of the risks of material misstatement in the annual accounts and any wider audit dimension risks. These risks influenced our overall audit strategy and the allocation of staff resources to the audit, and indicate where the efforts of the team were directed. The appendix identifies the work we undertook to address these risks and our conclusions from this work.

We reported the significant findings from the audit to those charged with governance prior to the annual accounts being approved and certified

24. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices.

25. The significant findings are summarised in [Exhibit 2](#). Our audit also identified some minor presentation and disclosure issues which were discussed with management. These were all adjusted in the audited accounts and none were significant enough to require to be separately reported under ISA 260.

Exhibit 2

Significant findings from the audit of the financial statements

Issue	Resolution
<p>1. Creation of dilapidation provision</p> <p>During 2020/21 management created a provision of £0.070 million for the costs that will be incurred to return Robertson House to its pre-lease condition when the current lease expires in 2022.</p> <p>The value of the provision is based on an estimate of the likely costs of any internal redecorations (e.g. removal of partitions and fittings) required to bring the building back to its original state. The board first inhabited the building in 1997.</p> <p>As part of our audit testing we reviewed the nature and value of the provision to ensure it satisfied the requirements of <i>IAS37 - Provisions, Contingent Liabilities and Contingent Assets</i>.</p>	<p>Our review of the nature of the provision confirmed that it satisfies the conditions for a provision to be created under IAS 37 (i.e. represents a present obligation based on a past event) as there is an obligation for the Joint Board to meet these costs when the current lease ends</p> <p>We have accepted the value of the provision is a reasonable estimate based on the information currently available. However, members should note that this is an estimate and the actual costs incurred for these works will not match this value exactly. If the actual costs are higher than provided for then this would result in an additional charge to the Comprehensive Income and Expenditure Statement (CIES), and if the actual costs are lower then this would result in the difference being credited back as income in the CIES.</p>

We have no unadjusted errors to report

26. It is our responsibility to request that all misstatements above the reporting threshold are corrected. We have no unadjusted errors to report.

Part 2. Financial management and sustainability, and governance

Financial management is about financial capacity, sound budgetary processes, and whether the control environment and internal controls are operating effectively. Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services.

Governance relates to the effectiveness of scrutiny and oversight, and transparent reporting of information.

Main judgements

Appropriate budget monitoring and reporting arrangements are in place and a break-even position was achieved for the year ended 31 March 2021. However, the longer-term impact of the Covid-19 pandemic is likely to place additional pressure on the budget of the Joint Board in future years. Effective longer-term financial planning will be essential to ensure the Joint Board is prepared for these budget pressures and can make appropriate long-term spending decisions.

The Joint Board has appropriate and effective governance arrangements in place to support scrutiny of decision-making and conducts its business in an open and transparent manner. The Covid-19 pandemic has impacted on these arrangements since March 2020 but we have concluded that the revised arrangements put in place are appropriate and continue to support good governance and transparency.

Appropriate budget monitoring and reporting arrangements are in place

27. The Joint Board approve the annual budget prior to start of the financial year and quarterly budget monitoring reports are provided to the board during the year. The budget monitoring reports provide detail on variances against budget and forecast year-end positions. This allows members to scrutinise the financial performance of the Joint Board and to consider actions to mitigate projected over-spends or other developments during the year.

A break-even position was achieved for the year ended 31 March 2021

28. In January 2020 the Joint Board approved its provisional budget for 2020/21. This was based on expenditure of £3.611 million and income of £3.585 million, comprising funding contributions of £2.765 million from the constituent councils and other income of £0.820. This resulted in a forecast deficit for the year of £0.026 million to be met from the general reserve.

29. During the course of the year a number of minor budget revisions were made resulting in the final budget for the year increasing by £0.091 million to £3.702 million. This extra expenditure was funded through additional in-year funding allocations from the Scottish Government in respect of postal vote funding (£0.072 million) and extra money to cover the costs of issuing household notification letters (£0.052 million). This additional funding was partly offset by the requirement to return £0.033 million of unspent Barclay Review funding to the Scottish Government.

30. The actual outturn for the year resulted in the Joint Board achieving a break-even position. As a result there was no requirement to utilise any of the general reserve balance during 2020/21, as the funding contributions from the constituent councils and the other income received during the year was sufficient to cover the costs of the Joint Board.

31. It should be noted that the break-even position reported in the management commentary differs from the deficit on provision of services figure of £0.456 million reported in the Comprehensive Income and Expenditure Statement (CIES) due to the statutory accounting adjustments required for items such as pension benefits and depreciation. A reconciliation has been included in the 'Financial Performance' section of the management commentary in the annual accounts showing the impact of these adjustments.

The Covid-19 pandemic resulted in savings against some budgets but these were fully offset by additional expenditure in other areas

32. The break-even position reported for the year ended 31 March 2021 reflected the underlying budget variances during the year. The most significant underspends and overspends (i.e. greater than £0.025 million) are summarised in [Exhibit 3](#).

Exhibit 3**Summary of significant variances against budget for 2020/21**

Area	£m	Main reasons for variance
Underspends		
Staff costs	0.112	Delays in recruitment of some posts due to the impact of the Coronavirus pandemic.
Transport Costs	0.042	Significant reduction in spend as a result of travel restrictions during the pandemic.
Overspends		
Property costs	0.059	Attributable to the creation of a provision for the costs that will be incurred to return Robertson House to its pre-lease condition when the current lease ends.
Supplies and services	0.053	Overspend due to higher than anticipated costs on maintenance and health and safety as a result of implementing new procedures during the Covid-19 pandemic, overspends on printing, postages and IT costs incurred as a result of the pandemic, and costs relating to the Scottish Parliamentary elections and local by-elections.

Source: Tayside Valuation Joint Board Annual Accounts 2020/21

The Joint Board approved a provisional 2021/22 revenue budget of £3.593 million in January 2021

33. In January 2021, the Joint Board received a report titled 'Provisional Revenue Budget 2021/2022 to 2025/26'. This included the provisional revenue budget for 2021/22 which was based on expenditure of £3.593 million and income of £3.567 million, comprising funding contributions of £2.765 million from the constituent councils (the same as in 2020/21) and other income of £0.802. This results in a forecast deficit for the year of £0.026 million to be met from the general reserve.

34. The Joint Board reviews the level of its uncommitted reserves when setting the budget each year. The approved reserves strategy specifies that the minimum uncommitted reserves should be maintained at £0.060 million. The level of uncommitted general fund reserves (i.e. excluding ring-fenced amount of £0.039 million for Barclay Review Implementation) at 31 March 2021 was £0.102 million. Therefore, even after the utilisation of £0.026 million from the general reserve in 2021/22, the projected uncommitted general reserve balance of £0.076 million at 31 March 2022 would still be in line with the reserves strategy.

The longer-term impact of the Covid-19 pandemic is likely to place additional pressure on the budget of the Joint Board in future years

35. The financial impact of the Covid-19 pandemic is likely to extend across several years. The budgets of each of the contributing councils will be under increased pressure due to the ongoing costs associated with Covid-19 and the related recovery activity. This may in turn place additional pressure on the budget of Tayside Valuation Joint Board in future years as councils look to deliver additional savings and efficiencies, which may include reducing funding contributions to external bodies.

36. The 'Provisional Revenue Budget 2021/2022 to 2025/26' report to the January Joint Board meeting set out indicative annual revenue budgets for the period from 2022/23 to 2025/26. This provided members with an estimate of future budget requirements based on known increases and assumptions around other costs. However, we accept that the extent to which longer-term income and costs can be accurately predicted at present is limited by the degree of uncertainty around future funding settlements for each of the constituent councils, and the ongoing cost pressures created by the Covid-19 pandemic.

37. Management has also committed to reviewing the budget process to achieve better alignment and integration with service priorities. This type of longer-term financial planning is essential to ensure the Joint Board is prepared for future budget pressures and can make appropriate long-term spending decisions.

Recommendation 1

Management should review the annual budget setting and financial planning processes to achieve better alignment and integration with service priorities.

Tayside Valuation Joint Board has appropriate and effective governance arrangements in place to support scrutiny of decision-making and conducts its business in an open and transparent manner

38. In reviewing the adequacy of the governance and transparency arrangements of an organisation we consider a number of areas, including:

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

39. The Joint Board is comprised of members from Dundee City, Angus, and Perth & Kinross Councils and meets quarterly. From our attendance at Joint Board meetings during the course of the audit appointment we have observed that sufficient time is allowed to discuss the issues on the agendas and members are well prepared and ask appropriate questions.

40. 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. The Joint Board demonstrates its commitment to transparency in a number of ways:

- members of the public can attend meetings of the Joint 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.

41. In our 2018/19 and 2019/20 Annual Audit Reports we highlighted that board papers and minutes published on the Tayside Valuation Joint Board website had not been kept up-to-date and recommended that these were uploaded as soon as they are available. We are pleased to report that the board papers published on the website have been kept up-to-date during 2020/21. This has allowed members of the public to have timeous access to this information and improved the transparency of the Joint Board's decision making.

Good practice – New website

In February 2020 the Joint Board launched a new website to help users access the information they need about the valuation roll and council tax in Tayside, and electoral registration in the Angus and Perth & Kinross Council areas. From review of the website we found it to be well laid out and intuitive to navigate. We also noted that it provided a wide range of information that would be of use and interest to local residents and other users.

The Joint Board should review its compliance with the Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018

42. The [Public Sector Bodies \(Websites and Mobile Applications\) Accessibility Regulations 2018](#) came in to force on 23 September 2018. These require public sector bodies to put appropriate arrangements in place to ensure that information published on their websites is accessible. This means making sure that all content is clearly presented and simple enough so that most people can use it without needing to adapt it. Arrangements should also be in place to support those who do need to adapt things, including those with impaired vision, motor difficulties, cognitive impairments or learning disabilities, and deafness or impaired hearing.

43. Some organisations may not need to fully meet accessibility standards. This is the case if the impact of fully meeting the requirements is too much for an organisation to reasonably cope with. The accessibility regulations call this a 'disproportionate burden'. If an organisation wants to declare that making

particular things accessible is a disproportionate burden then it is legally required to carry out an assessment of the burden that making those things accessible would place on the organisation against the benefits of making those things accessible.

Recommendation 2

Management should review the documents published on the new Tayside Valuation Joint Board website against the Public Sector Bodies (Website and Mobile Applications) Accessibility Regulations 2018 to identify what reasonable changes could be made to improve the accessibility of any information that does not comply with these requirements.

The Covid-19 pandemic has impacted on the governance arrangements since March 2020 but we have concluded that the revised arrangements are appropriate and continue to support good governance and transparency

44. 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 upon in order to ensure that officers acted in accordance with the powers which the Joint Board has already delegated. Further interim governance arrangements were put in place including:

- all non-essential Joint Board business deferred to ensure that all members and officers could concentrate on supporting the organisation through the initial period of the pandemic
- all essential Joint 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.

45. In August 2020 arrangements were put in place to hold Joint Board meetings virtually using Microsoft Teams. This was first used for the meeting on 24 August 2020. Joint Board meetings continue to be held remotely but this situation will be reviewed as Covid-19 restrictions on travel and work placed activity ease.

46. We have concluded that the interim arrangements put in place were appropriate and continue to support good governance and transparency.

The management commentary in the 2020/21 annual accounts provided a fair, balanced and reasonable analysis of the organisation's financial performance for the year

47. In addition to the consistency opinion on the management commentary covered in Part 1 of this report, we also consider the qualitative aspects of the management commentary included in the annual accounts. The purpose of the management commentary is to provide information on the Joint Board, its main objectives and strategies, and the principal risks that it faces. It is required to

provide a fair, balanced and reasonable analysis of a body's performance and is essential in helping stakeholders understand the financial statements. We concluded that the management commentary in the 2020/21 annual accounts satisfied these requirements.

The Joint Board has appropriate arrangements in place for the prevention and detection of fraud and error

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

49. 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.

National performance audit reports

50. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2020/21 a number of reports were published which may be of interest to the Joint Board. These are detailed in [Appendix 3](#).

Appendix 1. Action plan 2020/21

2020/21 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Financial planning</p> <p>The budget setting process does not fully align with the Joint Board's service priorities.</p> <p>Risk: There is a risk that resources are not directed towards priority areas and this impacts upon the achievement of those service priorities.</p>	<p>Management should review the annual budget setting and financial planning processes to achieve better alignment and integration with service priorities.</p>	<p>The joint board's continuous improvement agenda for 2021/22 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.</p> <p>Responsible officer: Treasurer</p> <p>Agreed date: 30 September 2021</p>
<p>2. Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018</p> <p>The regulations require public sector bodies to put appropriate arrangements in place to ensure that information published on their websites is accessible.</p> <p>Risk: The information published on the Joint Board's website may not satisfy the requirements of the regulations.</p>	<p>Management should review the documents published on the Tayside Valuation Joint Board website against the Public Sector Bodies (Website and Mobile Applications) Accessibility Regulations 2018 to identify what reasonable changes could be made to improve the accessibility of any information that does not comply with these requirements.</p> <p>Paragraphs 42. and 43.</p>	<p>The Assessor will arrange for the board website to be reviewed to ensure it complies with the Regulations.</p> <p>Responsible officer: Assessor</p> <p>Agreed date: 30 November 2021</p>

Appendix 2. Significant audit risks

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

Audit risk	Assurance procedure	Results and conclusions
<p>1. Risk of material misstatement due to fraud caused by the management override of controls</p> <p>International Auditing Standards require that audits are planned to consider the risk of material misstatement in the financial statements caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of fraud due to the management override of controls.</p>	<ul style="list-style-type: none"> • Detailed testing of journal entries. • Review of accounting estimates. • Focused testing of accruals and prepayments. • Evaluation of significant transactions that are outside the normal course of business. 	<ul style="list-style-type: none"> • Journal entries were tested, no indications of management override of controls. • Judgements and estimations applied were tested to confirm they were appropriate and reasonable. No significant issues were highlighted with the judgements and estimates applied. • We tested accruals and prepayments and confirmed that income and expenditure was properly accounted for in the financial year. • We reviewed transactions during the year – no issues highlighted of significant transactions outside the course of business.
<p>2. Risk of material misstatement caused by fraud in expenditure</p> <p>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. This risk</p>	<ul style="list-style-type: none"> • Assessment of key financial controls over expenditure. • Detailed testing of transactions focusing on the greater areas of risk. 	<p>During the course of the audit we reviewed this risk and concluded that, while it still represented a risk of material misstatement, it did not represent a significant risk of material misstatement (as defined by ISA 315) for the 2020/21 financial statements. As a result, we did not require to undertake any specific targeted audited work to</p>

Audit risk	Assurance procedure	Results and conclusions
<p>may be higher during the Covid-19 pandemic where there is a risk that internal controls and governance may not be fully functioning.</p>		<p>address this risk as our routine testing of expenditure for the final accounts audit was sufficient to provide assurance over the risk. We can confirm that no issues were identified from this testing that could have resulted in a material misstatement in the 2020/21 annual accounts.</p>
<p>3. Risk of material misstatement caused by estimation and judgements</p> <p>There is a significant degree of subjectivity in the measurement and valuation of the material account areas of non-current assets and pensions. This subjectivity represents an increased risk of misstatement in the financial statements.</p>	<ul style="list-style-type: none"> • Actuarial valuation to provide pensions figures for the financial statements. • Officer review of actuary information to ensure data and assumptions used are reasonable. • Valuation and impairment review of non-current assets by a professional valuer. 	<p>During the course of the audit we reviewed this risk and concluded that, while it still represented a risk of material misstatement, it did not represent a significant risk of material misstatement (as defined by ISA 315) for the 2020/21 financial statements. As a result, we did not require to undertake any specific targeted audited work to address this risk as our routine testing of estimates for the final accounts audit was sufficient to provide assurance over the risk. We can confirm that no issues were identified from this testing that could have resulted in a material misstatement in the 2020/21 annual accounts.</p>

Risks identified from the auditor's wider responsibility under the Code of Audit Practice

Audit risk	Assurance procedure	Results and conclusions
<p>4. Financial sustainability</p> <p>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. Management has committed to reviewing the budget process to achieve alignment and integration with service priorities. Without such an alignment, 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.</p>	<ul style="list-style-type: none"> • Monitor progress of aligning the financial plan with service priorities. 	<p>We reviewed the annual budget setting and financial planning processes and recommended that management should review the processes to achieve better alignment and integration with service priorities.</p> <p>(Point 1 in Appendix 1)</p>

Appendix 3. Summary of 2020/21 national performance reports

April

[Affordable housing](#)

June

[Highlands and Islands Enterprise: Management of Cairngorm mountain and funicular railway](#)

[Local government in Scotland Overview 2020](#)

July

[The National Fraud Initiative in Scotland 2018/19](#)

January

[Digital progress in local government](#)

[Local government in Scotland: Financial overview 2019/20](#)

February

[NHS in Scotland 2020](#)

March

[Improving outcomes for young people through school education](#)

Tayside Valuation Joint Board

2020/21 Annual Audit Report

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:

www.audit-scotland.gov.uk/accessibility



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