Tayside Valuation Joint Board

2022/23 Annual Audit Report

AUDIT SCOTLAND

Prepared for Tayside Valuation Joint Board and the Controller of Audit

21 November 2023

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Key messages

2022/23 annual accounts

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2 The audited part of the remuneration report, the management commentary and the annual governance statement were all consistent with the financial statements and prepared in accordance with the applicable requirements.

Wider scope audit work

3 The Joint Board has appropriate budget monitoring and reporting arrangements in place and reported a net underspend against budget of £0.021 million for 2022/23.

4 The projected uncommitted general reserve balance for 31 March 2023 is below the level set out in the Joint Board's approved reserves strategy and the Joint Board plans to use further uncommitted reserves to support the financial position in future years.

5 Management should review and update arrangements for the prevention and detection of fraud and error. Once completed, the revised arrangements should be clearly communicated to all staff.

6 Appropriate arrangements are in place to secure Best Value, and measure the efficiency and effectiveness, of its operations.

7 There was a significant decline in Non-Domestic Rates processing times during 2022/23 due to carrying out of a revaluation of all non-domestic subjects under a new shortened timetable.

Introduction

1. This report summarises the findings from the 2022/23 annual audit of Tayside Valuation Joint Board. It is addressed to the Joint Board and the Controller of Audit and will be published on Audit Scotland's website: www.audit-scotland.gov.uk.

2. The scope of the audit was set out in an annual audit plan presented to the June meeting of the Joint Board. This annual audit report comprises the findings from the audit of Tay Valuation Joint Board's 2022/23 annual accounts, and conclusions on wider scope areas as set out in the Code of Audit Practice 2021, which for less complex bodies includes conclusions on financial sustainability and Best Value.

3. We would like to thank Joint Board members, and officers, for their co-operation and assistance and we look forward to continuing to work together constructively over the course of our five-year appointment.

Responsibilities and reporting

4. Tay 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. The Joint Board is also responsible for establishing appropriate and effective arrangements for governance and propriety.

5. The responsibilities of an independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the Code of Audit Practice 2021 and supplementary guidance, and International Standards on Auditing in the UK.

6. This report contains an agreed action plan at Appendix 1 setting out specific recommendations, responsible officers, and dates for implementation. 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 of its responsibility to address the issues we raise and from maintaining adequate systems of control.

Auditor Independence

7. We confirm that we comply with the Financial Reporting Council's Ethical Standard and that we have not undertaken any non-audit related services. We are not aware of any relationships that could compromise our objectivity or our independence.

Part 1. Audit of 2022/23 annual accounts

Public bodies are required to prepare annual accounts comprising financial statements and other related reports. These are principal means of accounting for the stewardship public funds.

Main judgements and conclusions

Tayside Valuation Joint Board's financial statements give a true and fair view of its financial position for the year ended 31 March 2023.

The audited part of the remuneration report, the management commentary and the annual governance statement were all consistent with the financial statements and prepared in accordance with the applicable requirements.

Audit opinions on the annual accounts are unmodified

8. The annual accounts for the year ended 31 March 2023 were approved by the Joint Board on 20 November 2023. The independent auditor's report included the following audit opinions on the annual accounts:

- 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 annual remuneration report, management commentary and the annual governance statement were all consistent with the financial statements and properly prepared in accordance with the applicable requirements.

The 2022/23 annual accounts were certified on 21 November 2023, in line with the agreed audit timetable

9. We received the unaudited annual accounts on 19 June 2023, in line with the agreed audit timetable. The accounts and working papers presented for audit were of a good standard and management and finance staff provided support to the team during the audit process. This enabled the final accounts audit to be completed in line with the agreed audit timetable and the 2022/23 annual accounts were certified on 21 November 2023.

10. Regulation 11 of The Local Authority Accounts (Scotland) Regulations 2014 requires local government bodies to publish on its website its signed audited annual accounts by 31 October each year. We acknowledge that the failure to meet this deadline was due to the availability of resources to complete the 2022/23 audit. We recognise that it is in the best interests of public accountability to get the reporting of audited accounts back to pre-pandemic timelines. We are identifying ways to work more efficiently to expedite the 2023/24 audits whilst at the same time maintaining high standards of quality.

The Public Inspection Notice was not in accordance with the Regulations

11. Regulation 9 of The Local Authority Accounts (Scotland) Regulations 2014 requires local government bodies to give public notice of the right of interested persons to inspect and object to the unaudited accounts and inspect specified associated documents. Requirements for the format, timing and placement of the public notice are set out in the regulations. A notice was made available on the Joint Board's website, however, it referred throughout to Dundee City Council, rather than the Joint Board. The notice was appropriate in all other aspects and we do not believe this had any impact on the ability of members of the public to raise objections to the 2022/23 annual accounts.

12. Management should review the contents of the annual accounts public inspection notice for 2023/24 prior to it being uploaded to the Joint Board's website to ensure that it is accurate and placed in accordance with the regulations.

Our audit approach and testing was informed by our materiality levels for the 2022/23 audit

13. The concept of materiality is applied by auditors to determine whether misstatements identified during the audit could reasonably be expected to influence the economic decisions of users of the financial statements, and impact the opinion set out in the independent auditor's report. Auditors set a monetary threshold when considering materiality, although some issues may be considered material by their nature and it is ultimately a matter of the auditor's professional judgement.

14. Our initial assessment of materiality was carried out during the planning phase of the audit and was based on gross expenditure reported in the audited 2021/22 annual accounts. These materiality levels were reported in our annual audit plan to the June meeting of the Joint Board.

15. On receipt of the unaudited 2022/23 annual accounts we reconsidered our materiality levels based on the financial results for the year ended 31 March 2023, and decided the planned amounts were appropriate and didn't require revision. These are shown in Exhibit 1.

Exhibit 1
Materiality values

Materiality level	Amount
Overall materiality	£86,000
Performance materiality	£65,000
Reporting threshold	£4,000

Source: Audit Scotland

16. Performance materiality is used by auditors when undertaking work on individual areas of the financial statements. It is a lower materiality threshold, set to reduce the probability of aggregated misstatements exceeding overall materiality. Performance materiality was set at 75 per cent of overall materiality, reflecting the scale of previous year's adjustments, the extent of estimation in the accounts and the planned testing in proportion to the scale of the organisation.

Our audit identified and addressed the risks of material misstatement

17. Exhibit 2 sets out the significant and non-significant risks of material misstatement to the financial statements. It also summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 2
Significant and non-significant risks of material misstatement

Audit risk	Assurance procedure	Results and conclusions
Significant risks of material misstatement		
1. Risk of material misstatement due to fraud caused by management override of controls As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.	• Assessed the design and implementation of controls over journal entry processing. • Made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. • Tested journals at the year-end and post-closing entries and focus on significant risk areas. • Considered the need to test journal entries and other adjustments during the period. • Evaluated significant transactions outside the normal course of business. • Assessed any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year. • Substantive tested income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year. • Tested accounting accruals and prepayments focussing on significant risk areas.	The completion of the assurance procedures did not identify any evidence of management override of controls.

Audit risk	Assurance procedure	Results and conclusions
Other risks of material misstatement		
2. Estimation in the valuation of pension assets and liabilities Actuarial estimates are a complex combination of liabilities over significant future periods based on life expectancy, CPI growth and discounting (based on corporate bond rates). Assets are based on an individual employer body's share of assets at the last triennial valuation. Roll forward adjustments are provided to members data and to asset valuations. There is a risk that small changes in the assumptions used can lead to large changes in the resulting valuations resulting in material misstatement in the annual accounts.	• Assessed the scope, independence and competence of the professionals engaged in providing estimates for pensions. • Reviewed the appropriateness of actuarial assumptions and results including comparison with other councils and the pension fund as a whole. • Established officers' arrangements for ensuring the reasonableness of professional estimations and the accuracy of information provided to the actuary by the council.	A review of other actuarial reports identified that Tayside Pension Fund had an unusually high assessment of pension assets under IFRIC14. The inferred value of the asset was 12 times the Joint Board's annual employer contribution. The method used to determine this value was considered and we identified that the valuation of costs and contributions were assessed over very different timeframes. A revised IAS19 actuarial report was obtained, and the annual accounts were amended to reflect the revised valuation. Refer to issue 1 in Exhibit 3
3. Provision for Dilapidations Obligations There is a degree of subjectivity in the measurement and valuation of the provision for dilapidation obligations. This needs to be considered annually to ensure that assumptions used remain valid and that all appropriate	• Reviewed provisions to confirm they satisfy the conditions for a provision to be created under *IAS37 - Provisions, Contingent Liabilities and Contingent Assets*. • Reviewed calculation of provision balances at 31 March 2023 to ensure that the value of the provisions is the most accurate estimate of the likely costs based on the information available, as required by IAS37.	The completion of the assurance procedures confirmed that the level of provision was appropriate.

Audit risk	Assurance procedure	Results and conclusions
properties have been included in the calculation.	• Reviewed lease agreements and assessment of completeness of provisions balances for leased properties.	

Source: Audit Scotland

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

18. 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 board's accounting practices.

19. The significant findings are summarised in Exhibit 3. Our audit also identified other presentation and disclosure issues which were discussed with management. These were all adjusted in the audited annual accounts and none were significant enough to require to be separately reported under ISA260.

Exhibit 3
Significant findings and key audit matters from the audit of the annual accounts

Issue	Resolution
1. Valuation of pension asset The 2022/23 unaudited annual accounts included a pension asset of £5.2 million. The pension accounting standard (IAS 19) limits any pension asset to the lower of the surplus and what is described as an asset ceiling. The asset ceiling is defined as the present value of any economic benefits available in the form of refunds from the pension fund or reductions in future contributions to the fund. Further guidance on calculating the asset ceiling is provided in IFRIC 14. It refers to the impact of a 'minimum funding requirement' which stipulates a minimum amount of contributions that must be paid over a given period. The existence of a minimum funding requirement limits the ability of a body to reduce future contributions. Where there is a minimum funding requirement for contributions relating to future service, IFRIC 14 explains that the asset ceiling is the present value of the future service cost less the present value of the minimum funding requirement contributions.	The actuary provided a revised IFRIC14 calculation that reflected a pension asset ceiling calculation based on an assessment of all future service costs and contributions. The audited financial statements have been adjusted to reflect the revised pension valuation. The annual accounts now reflect a pension asset of zero for the Council's funded obligations, and a pension liability of £0.3 million for its unfunded obligations, for which the IFRIC 14 calculation does not apply.

Issue	Resolution
Where the present value of the minimum funding requirement contributions exceeds the future service cost, IFRIC 14 advises that no asset should be recognised. Our review of the methodology used by the council's actuary identified that the calculation of asset ceiling had only considered the minimum funding requirement contributions up to the date of the next triennial valuation, rather than all future service costs and contributions. As a result the pension asset was overstated in the unaudited annual accounts.	
2. Expenditure and Funding Analysis The Expenditure and Funding Analysis (EFA) reconciles financial performance on a funding basis with the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. Information on the Joint Board's financial performance on a funding basis was included in the Management Commentary in the unaudited accounts. However, our review identified that this included some elements which are not included in the Joint Board's regular financial monitoring reports, with the result that the information did not easily reconcile to the EFA.	Management revised the financial performance information included in the Management Commentary in the audited accounts to better reflect the format of regular financial monitoring reports.
3. Bank Reconciliation Our review of the Bank Reconciliation identified a payment run made in April 2023 that was not correctly accrued in the draft accounts. This resulted in short-term debtors being understated by £0.160 million with a corresponding understatement in short-term creditors.	Management has made the necessary adjustments in the audited 2022/23 annual accounts. As the adjustment resulted in the short-term debtors and short-term creditors balances both increasing by £0.160 million, it did not impact upon the 'Net Assets' figure in the Balance Sheet.
4. Individual Electoral Registration £0.072m was included in short-term creditors in the unaudited accounts which was the remaining balance of monies received from the Scottish Government to support Individual Electoral Registration. As there is no indication that this money would have to be returned, it should have been recognised as income and held as a ring-fenced reserve.	Management has made the necessary adjustments in the audited 2022/23 annual accounts. The impact of this is to decrease the 'Deficit for the Year on Provision of Services' by £0.072m, with a corresponding increase in Net Assets.

Source: Audit Scotland

Total misstatements identified during the audit were £5.644 million, including unadjusted misstatements of £0.024 million

20. It is our responsibility to request that all misstatements, other than those below our reporting threshold, are corrected, although the final decision on making the correction lies with those charged with governance.

21. Total misstatements identified were £5.644 million which exceeds our performance materiality threshold. We considered whether further audit procedures were required and reviewed the nature and causes of these misstatements, which mainly related to the reassessment of the IAS19 pension asset (£5.388 million relates to issue 1 in Exhibit 3). We have concluded that these arose from isolated issues that have been identified in their entirety and does not indicate further systemic error. We considered whether other misstatements presented material risks of misstatement in the relevant account area and concluded they did not.

22. We also identified two misstatements which were not corrected by management in the audited accounts. Further details of the uncorrected misstatements are included in Appendix 2. The net impact of these would have been to increase net expenditure in the comprehensive income and expenditure statement for the year ended 31 March 2023 by £0.024 million, with a corresponding decrease in net assets at 31 March 2023 of £0.024 million in the balance sheet. As the value of the unadjusted errors is below our materiality levels it did not impact upon our audit opinions on the annual accounts.

Good progress was made on prior year recommendations

23. The Joint Board has made good progress in implementing the audit recommendations identified by the previous external auditor. For actions not yet implemented, revised responses and timescales have been agreed with management, and are set out in Appendix 1.

Part 2. Wider Scope audit work

For less complex bodies wider-scope audit work considers the financial sustainability of the body and the services that it delivers over the medium to longer term, and the arrangements for securing Best Value.

Main judgements and conclusions

The Joint Board has appropriate budget monitoring and reporting arrangements in place and reported a net underspend against budget of £0.021 million for 2022/23.

The projected uncommitted general reserve balance for 31 March 2023 is below the level set out in the Joint Board's approved reserves strategy and the Joint Board plans to use further uncommitted reserves to support the financial position in future years.

Management should review and update arrangements for the prevention and detection of fraud and error. Once completed, the revised arrangements should be clearly communicated to all staff.

Appropriate arrangements are in place to secure Best Value, and measure the efficiency and effectiveness, of its operations.

There was a significant decline in Non-Domestic Rates processing times during 2022/23 due to carrying out of a revaluation of all non-domestic subjects under a new shortened timetable.

Appropriate budget monitoring and reporting arrangements are in place

24. The Joint Board approve the annual budget prior to the start of the financial year and quarterly budget monitoring reports are provided to each board meeting during the year. The budget monitoring reports provide detail on variance against budget and include year-end projections. This allows members to scrutinise the financial performance of the Joint Board and to consider actions to mitigate projected overspends or other developments during the year.

The Joint Board reported a £0.021 million surplus million for the year ended 31 March 2023 which was added to the general reserve balance

25. In January 2022 the Joint Board approved its provisional budget for 2022/23. This was based on expenditure of £3.650 million and income of £3.624 million, comprising funding contributions of £2.793 million from the constituent councils and other income of £0.831 million. This resulted in a forecast deficit for the year of £0.026 million to be met from the general reserve.

26. The actual outturn for the year was a surplus of £0.021 million, added to the general reserve balance. This resulted in the general reserve balance increasing from £0.111 million at 31 March 2022 to £0.132 million at 31 March 2023.

27. The surplus of £0.021 million reported for the year ended 31 March 2023 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 4.

Exhibit 4
Summary of significant variances against budget for 2022/23

Area	£m	Main reasons for variance
Underspends		
Increased income from taxation and non-specific grant income	0.120	This was mainly attributable to the recognition of Individual Electoral Register income as a reserve to cover costs associated with carrying out this work.
Overspends		
Supplies and services	0.120	Overspend due to higher than anticipated costs on postage including the issue of draft and final notices for 2023 revaluation and increased costs of Electoral IT licences.

Source: Tayside Valuation Joint Board Annual Accounts 2022/23

The Joint Board approved a provisional 2023/24 revenue budget of £3.711 million in January 2023

28. In January 2023, the Joint Board received a report titled ‘Provisional Revenue Budget 2023/24 to 2027/28’. This included the provisional revenue budget for 2023/24 which was based on expenditure of £3.712 million and income of £3.680 million, comprising funding contributions of £2.794 million from the constituent councils (unchanged from 2022/23 levels) and other income of £0.886 million. This results in a forecast deficit for the year of £0.032 million to be met from the general reserve. Of this total, £0.027 million relates to the ring-fenced Barclay Review Implementation reserve and an additional £0.005 million to balance the budget from the uncommitted reserve.

29. Indicative revenue budgets have also been developed for the 4-year period 2024/25-2027/28. These show that once the funding support from the Scottish Government for the Barclay Review ends in 2024/25, the Joint Board will require additional support from constituent councils by way of increased requisitions. The Joint Board is also planning to use £0.005 million of uncommitted reserves to support the revenue position in each of 3 years 2025/26 – 2027/28.

The uncommitted general reserve balance for 31 March 2023 is below the level set out in the Joint Board's approved reserves strategy and further use is planned

30. 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.

31. The level of uncommitted general fund reserves (i.e. excluding ring-fenced amount of £0.031 million for Barclay Review Implementation and £0.072 million for the Individual Electoral Registration) at 31 March 2023 was £0.029 million. As noted in paragraphs 28. and 29. above, the Joint Board is also planning to use a further total of £0.020 million of uncommitted reserves to support the future revenue position in the years 2023/24 to 2027/28. Based on the current uncommitted general fund reserve balance this could see the balance reduce to only £0.009 million by March 2028, significantly below the approved minimum level.

Recommendation 1

Management should review future financial plans to ensure they are affordable based on the current uncommitted general fund reserve level and anticipated future contributions from constituent councils.

Tayside Valuation Joint Board has appropriate and effective governance arrangements in place to support scrutiny of decision-making

32. 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.

33. 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.

34. The Joint Board continued to hold meetings remotely via Microsoft Teams throughout 2022/23. However, we have not noted any adverse impact on the level of scrutiny at meetings due to meetings being held remotely.

The Joint Board conducts its business in an open and transparent manner

35. 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. As of August 2023, all Joint Board meetings have been recorded and made available online thereafter.
- the availability of the annual accounts on the website.

36. We are content that the Joint Board conducts its business in an open and transparent manner.

Key governance documents should be reviewed and updated

37. Our review of the Joint Board's key governing documents found that whilst they appeared generally satisfactory, the Standing Orders and Financial Regulations had not been formally reviewed and updated since 2017 and 2018 respectively. Therefore, there is a risk that these documents do not reflect current requirements or business practices. The Joint Board should undertake a review of both these documents and update them as required.

Recommendation 2

The Standing Orders and Financial Regulations should be reviewed and updated.

The management commentary in the 2022/23 annual accounts provided a fair, balanced and reasonable analysis of the organisation's financial performance for the year

38. 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 2022/23 annual accounts satisfied these requirements.

The Joint Board needs to update its arrangements for the prevention and detection of fraud and error

39. 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.

40. Our review identified that the Joint Board's Fraud Guidelines dated from 2016 and the Whistleblowing Policy dated from 2014 and therefore there is a need to review and update these documents to reflect the current requirements and arrangements for the prevention and detection of fraud and error.

Recommendation 3

Management should review the Joint Board's Fraud Guidelines and Whistleblowing Policy. Once completed, the revised arrangements should be clearly communicated to all staff.

The Joint Board has appropriate arrangements in place to secure Best Value, and measure the efficiency and effectiveness, of its operations

41. The Joint Board's Corporate Plan 2022-2025 was approved in June 2022. The plan identifies the core Strategic Objectives to help it fulfil the Board's Mission and Vision, and so ensure:

- statutory duties are completed fully and on time.
- customer knowledge is improved and ensure attainment of good Community Focus.
- the performance management and planning framework is reviewed to ensure continuous improvement in service delivery.
- effective balance of responsibility and authority.
- Standards of Conduct are adhered to.
- efficiency and quality of service delivery.
- the integrated delivery of efficient government.

42. In August 2023, the Joint Board published its Public Performance Report 2022/23. This provides a good summary of key performance information for NDR and Council Tax valuation processing, financial and staffing issues and customer feedback.

There was a significant decline in Non-Domestic Rates processing times during 2022/23

43. The performance information reported in the management commentary within the 2022/23 annual accounts showed a significant decline in NDR processing times as shown in Exhibit 5. Performance levels are also significantly lower than targets for the year of 72.5 per cent of alterations within 3 months and 88 per cent within 6 months.

44. Reduced performance was attributed to the carrying out of a revaluation of all non-domestic subjects under a new shortened timetable, the entry in the roll of a substantial number of new land entries as part of a one-off exercise, and the requirement to transfer significant numbers of self-catering units to the valuation list following notification of a change of use out with the six month period.

Exhibit 5
NDR processing performance 2020/21 to 2022/23

Percentage entered or amended on the Valuation Roll within:	2020/21	2021/22	2022/23
Less than 3 months	62.90%	77.10%	63.10%
Less than 6 months	83.60%	87.90%	74.20%
More than 6 months	16.40%	12.10%	25.80%

Source: Tayside Valuation Joint Board Annual Accounts 2020/21 to 2022/23

45. Exhibit 6 shows that performance in relation to Council Tax processing times remained at a similar level to prior year. These levels are marginally below targets of 93 per cent of new entries being made within 3 months and 98 per cent within 6 months.

Exhibit 6
Council tax processing performance 2020/21 to 2022/23

Percentage entered on Valuation List within:	2020/21	2021/22	2022/23
Less than 3 months	88.10%	92.50%	91.90%
Less than 6 months	97.40%	97.80%	97.40%
More than 6 months	2.60%	2.20%	2.60%

Source: Tayside Valuation Joint Board Annual Accounts 2020/21 to 2022/23

Appendix 1. Action plan 2022/23

2022/23 recommendations

Issue/risk	Recommendation	Agreed management action/timing
1. Affordability of future financial plans The uncommitted general reserve balance for 31 March 2023 is below the level set out in the Joint Board's approved reserves strategy and further use is planned. **Risk: Future financial plans are undeliverable.**	Management should review future financial plans to ensure they are affordable based on the current uncommitted general fund reserve level and anticipated future contributions from constituent councils. Paragraphs 30. and 31.	This will be reviewed as part of the 2024/25 Budget Setting Process. **Responsible officer:** Treasurer **Agreed date: 31** January 2024
2. Governance documents The Joint Board's Standing Orders and Financial Regulations have not been reviewed and updated since 2017 and 2018 respectively. **Risk: Key governance documents do not reflect current requirements or business practices.**	The Standing Orders and Financial Regulations should be reviewed and updated. Paragraph 37.	This will be reviewed and updated as required. **Responsible officer:** Clerk & Treasurer **Agreed date:** 31 March 2024
3. Arrangements for prevention and detection of fraud and error The Joint Board's Fraud Guidelines dates from 2016 and the Whistleblowing Policy dates from 2014. **Risk: Appropriate arrangements are not in place to prevent and detect fraud or error.**	Management should review the Joint Board's Fraud Guidelines and Whistleblowing Policy. Once completed, the revised arrangements should be clearly communicated to all staff. Paragraphs 39. and 40.	Management will review the Joint Board's Fraud Guidelines and Whistleblowing Policy, and following revision will be communicated to staff. **Responsible officer:** Assessor **Agreed date:** 31 January 2024

Update on prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
PY1. Quality checks on unaudited annual accounts The accounts presented for audit contained a significant number of outdated references and other minor errors that had to be corrected for the audited accounts. **Risk: The annual accounts do not accurately reflect the most up-to-date information and requirements.**	Management should undertake a detailed check of the annual accounts to ensure all narrative and figures have been updated to reflect the current year information prior to them being presented for audit.	**Complete** The accounts and working papers presented for audit were of a good standard
PY2. Dilapidation provision The value of the dilapidation provision for the costs that will be incurred to return Robertson House to its pre-lease condition when the lease expires was not reassessed following the extension of the lease during 2021/22. **Risk: The value of the provision does not represent an accurate estimate of the actual costs that will be incurred.**	Management should undertake an assessment of the costs to bring the building back to its original state during 2022/23 to ensure that the value of the provision is the most accurate estimate of the likely costs based on the information available, as required by IAS37.	**Complete** A revised assessment was undertaken by management and we confirmed that this was reasonable.
PY3. Maintenance of asset register Our audit identified issues with the maintenance and accuracy of the Joint Board's asset register. **Risk: The non-current asset balances in the annual accounts are misstated.**	Management should conduct a detailed review of the asset register during 2022/23, and also review its year-end closedown procedures, to ensure the asset register can be updated to accurately reflect the value of all of the Joint Board's operational assets.	**Complete** No issues were identified with the Fixed Asset Register.
PY4. General fund reserve balance The projected uncommitted general reserve balance at 31	Management should consider the projected uncommitted reserves balance at 31 March 2023 when setting the	**Ongoing** A wider issue has been identified during 2022/23 as the Joint Board has

Issue/risk	Recommendation	Agreed management action/timing
March 2023 is £0.046 million which is below the minimum level of £0.060 million set out in the Joint Board's approved reserves strategy. **Risk: The Joint Board has insufficient reserves to respond to unexpected events.**	funding contributions from the constituent councils for 2023/24, to ensure it is maintained at a level in line with the approved reserves strategy.	insufficient uncommitted general fund reserves to fund future years financial plans. Paragraphs 30. and 31. and **Recommendation 1** above.

Appendix 2. Summary of uncorrected misstatements

We report all uncorrected misstatements in the annual accounts that are individually greater than our reporting threshold of £4,000.

The table below summarises uncorrected misstatements that were noted during our audit testing and were not corrected in the financial statements.

Cumulatively these errors are below our performance materiality level as shown in Exhibit 1. We are satisfied that these errors do not have a material impact on the financial statements.

Nature of misstatement	Transactions / balances impacted	Comprehensive Income and Expenditure Statement		Balance Sheet	
		Debit £000	Credit £000	Debit £000	Credit £000
1. Flexi Balances not included in calculation of Annual Leave Accrual	Cost of Services	14			
	ST Creditors				14
2. Recharges for Tax, NI and Pensions are not accrued	Cost of Services	10			
	ST Creditors				10

Tayside Valuation Joint Board

2022/23 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