

Dunbartonshire and Argyll & Bute Valuation Joint Board

2016/17 Annual Audit Report



 AUDIT SCOTLAND

To Members of the Dunbartonshire and Argyll & Bute Valuation Joint Board and the Controller of Audit

27 September 2017

Who we are

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

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



About us

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

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

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

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Key messages

Audit of the 2016/17 annual accounts

- 1 The financial statements of Dunbartonshire and Argyll & Bute Valuation Joint Board (DABVJB) for 2016/17 give a true and fair view of the state of its affairs and of its net expenditure for the year.
- 2 We have issued an unqualified independent auditor's report on the Annual Accounts for 2016/17.

Financial management

- 3 A deficit of £268,000 was expected for the year but the actual deficit was lower at £121,000. There is an increasing trend in deficits since 2014/15 from £49,000 to the current position.
- 4 A government grant under the Modernising Electoral Registration Programme accounted for £94,000 of the difference between budget and actual in 2016/17.

Financial sustainability

- 5 The Joint Board's financial position has been managed through the use of reserves. However, declining reserves, rising demands and increasing costs will continue to put a strain on the Joint Board's capacity to deliver the current level of service.
- 6 The level of usable reserves is forecast to fall by the end of 2017/18. It is recommended that the balance held in reserves continues to be reviewed to ensure there are sufficient funds to address ongoing demand on services.

Governance and transparency

- 7 The Joint Board has effective governance arrangements in place to support the scrutiny of decision making. However, development of a Local Code of Good Governance is required.
- 8 The Joint Board is open and transparent in the way it conducts its business; the public can attend meetings and access agendas and meeting papers on the Board's website - <http://www.dab-vjb.gov.uk>.

Value for money

- 9 While we note that performance improved from 2015/16 in respect of the Council Tax Valuation List for domestic properties, with targets being exceeded, it has deteriorated since 2015/16 in respect of the maintenance of the Valuation Roll for non-domestic properties with the 2017 revaluation exercise highlighted as a contributing factor.

Introduction

1. This report is a summary of the findings arising from the 2016/17 audit of Dunbartonshire and Argyll & Bute Valuation Joint Board (DABVJB).

2. The scope of the audit was set out in our Annual Audit Plan presented to the February 2017 meeting of the Joint Board. This report comprises:

- an audit of the annual report and accounts
- consideration of the four dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 1](#).

Exhibit 1 Audit dimensions



Source: Code of Audit Practice 2016

3. The main elements of our audit work in 2016/17 have been:

- an interim audit of West Dunbartonshire Council's main financial systems and governance arrangements which are used by DABVJB
- an audit of DABVJB's 2016/17 annual report and accounts including the issue of an independent auditor's report setting out our opinions.

4. DABVJB is responsible for preparing the annual report and accounts that show a true and fair view in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It is also responsible for establishing effective governance arrangements and ensuring financial management is effective.

5.Our responsibilities as independent auditor are established by the Local Government in Scotland Act 1973 and the [Code of Audit Practice 2016](#) guided by the auditing profession's ethical guidance.

6.As public sector auditors we provide an independent auditor's report on the annual report and accounts. We also review and report on the arrangements within DABVJB to manage its performance and use of resources such as money, staff and assets. Additionally, we consider DABVJB's best value arrangements. In doing this, we aim to support improvement and accountability.

7.Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#).

8.This report raises matters from the audit of the annual report and accounts, risks or control weaknesses. Communicating these does not absolve management from its responsibility to address the issues we raise, and to maintain adequate systems of control.

9.Our Annual Audit Report contains an action plan at [Appendix 1 \(page 22\)](#). It sets out specific recommendations, responsible officers and dates for implementation.

10.As part of the requirement to provide fair and full disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2016/17 audit fee for the audit was set out in our Annual Audit Plan and as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.

11.This report is addressed to both the Joint Board and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk.

12.We would like to thank all management and staff who have been involved in our work for their co-operational and assistance during the audit.

Part 1

Audit of 2016/17 annual report and accounts



Main judgements

The financial statements of joint board for 2016/17 give a true and fair view of the state of its affairs and of its net expenditure for the year.

We have issued an unqualified independent auditor's report on the Annual Accounts for 2016/17.

Unqualified audit opinions

13. The annual report and accounts for the year ended 31 March 2017 were approved by the Joint Board on 27 September 2017. We reported, within our independent auditor's report:

- an unqualified opinion on the financial statements
- unqualified opinions on the management commentary, remuneration report and annual governance statement.

14. Additionally, we have nothing to report in respect of those matters which we are required by the Accounts Commission to report by exception.

Submission of DABVJB's annual report and accounts for audit

15. We received the unaudited annual report and accounts on 23 May, which was earlier than the audit timetable set out in our 2016/17 Annual Audit Plan.

16. The working papers provided with the unaudited report and accounts were of a good standard and finance staff provided good support to the audit team during the audit. This helped ensure that the final accounts process ran smoothly.

The Joint Board's annual report and accounts are the principal means of accounting for the stewardship of its resources and its performance in the use of its resources.

Risk of material misstatement

17. [Appendix 2](#) provides a description of those assessed risks of material misstatement that were identified during the planning process which had the greatest effect on the overall audit strategy, the allocation of resources to the audit and directing the efforts of the audit team. Also, included within the appendix are wider audit dimension risks, how we addressed these and our conclusions.

Materiality

18. Materiality defines the maximum error that we are prepared to accept and still conclude that our audit objective has been achieved (i.e. true and fair view). The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement.

19. Our assessment of materiality for the annual report and accounts is summarised in [Exhibit 2 \(page 8\)](#). Specifically, with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

20. On receipt of the annual report and accounts we reviewed our original materiality calculations and amended them slightly to reflect the 2016/17 financial statement values.

Exhibit 2

Materiality values

Materiality level	Amount
Overall materiality – This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It was set at 1% of gross expenditure for the year ended 31 March 2017.	£31,000
Performance materiality – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement we have calculated performance materiality at 80% of overall materiality.	£24,800
Reporting threshold (i.e. clearly trivial) – We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount.	£1,240

Source: Audit Scotland

How we evaluate misstatements

21. There were no material adjustments to the unaudited financial statements arising from our audit. There was one error of £3,283 identified which was above our reporting threshold and this was adjusted by officers. The impact of this adjustment was to increase net cost of service by this amount and reduce total usable reserves from £512,897 to £509,614.

22. It is our responsibility to request that all errors are corrected although the final decision on this lies with those charged with governance taking into account advice from senior officers and materiality. All errors identified were adjusted by management.

Significant findings from the audit in accordance with ISA 260

23. International Standard on Auditing 260 (UK & Ireland) requires us to communicate significant findings from the audit. We have no matters to report.

Going concern

24. The financial statements of DABVJB have been prepared on the going concern basis. No issues were identified with the assessment of going concern.

Other findings

25. Our audit identified a number of presentational and disclosure issues which were discussed with management. These were adjusted and reflected in the audited annual report and accounts.

Objections

26. The Local Authority Accounts (Scotland) Regulations 2014 require local government bodies to publish a public notice on its website that includes details of the period for inspecting and objecting to the accounts. This must remain on the website throughout the inspection period. DABVJB complied with the regulations.

Part 2

Financial management



Main judgements

Net expenditure outturn during the year was lower than budgeted which resulted in less use of reserves than originally planned.

Deficit levels have been increasing since 2014/15.

Financial performance in 2016/17

27. In January 2016 DABVJB approved its budget for 2016/17. Total budget expenditure was £2.938 million and total budget income was £2.670 million. This resulted in a forecast deficit of £268,000 which would need to be met through the use of reserves.

28. Actual outturn for the year was total expenditure of £2.884 million and total income of £2.763 million. This resulted in a deficit of £121,000 for the year which was £147,000 more favourable than the budgeted figure.

29. The largest source of income was requisitions from members of the Joint Boards. This was £2.664 million in 2016/17 which was unchanged from 2015/16. The budget was aligned to DABVJB's statutory objectives to ensure services were delivered.

30. Details of significant variances between the budgeted and actual figures for 2016/17 are summarised in [Exhibit 4 \(page 11\)](#).

31. The deficit of £121,000 reported in the Management Commentary differs from the deficit reported in the Comprehensive Income and Expenditure Statement (CIES) due to statutory financial adjustments arising such as pension benefits. A reconciliation has been provided to explain the adjustments

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Exhibit 4

Summary of significant underspends against budget

Area	Underspend (£)	Reasons for variance
Underspends		
Property	18,462	Lower than anticipated expenditure on rates, energy and accommodation costs
Supplies & services	49,330	This is due to underspends in machine leases, computer licences, telephone and printing & stationery
Income	93,760	Government Grant received after budget-setting exercise in respect of the Modernising Electoral Registration Programme.

Source: DABVJB annual report and accounts 2016/17

Efficiency savings

32. With expenditure continuing to exceed income and continued pressures to deliver services, efficiency savings are an important means of bridging the gap between funding received and spending commitments.

33. Savings have been achieved through a combination of efficiencies realised and the use of voluntary exits. Two employees left under voluntary early retirement (VER) and two left under voluntary severance (VS) arrangements. These changes are expected to provide salary and on-cost savings of up to £140,000 per year.

34. Given the current economic climate and with a view to seeking future efficiencies, the Board have agreed that the VER/VS exercise will continue into 2017/18. Any approval of an individual being granted the opportunity for VER/VS would be based upon individual cost benefit analysis which would consider costs incurred against saving expected.

Budgetary monitoring and control

35. The [Local Government in Scotland: Financial overview 2015/16](#) (November 2016) highlighted that the need for budgets and forecasts to reflect actual spending becomes increasingly important for local government bodies with decreasing (or low levels) of usable reserves to rely on. An analysis of reserves can be seen in Part 3 of the report.

36. We noted that DABVJB's budget is aligned to its statutory objectives. Budgets are approved by the Joint Board and budget monitoring updates are provided at each meeting of the Joint Board. The budget monitoring updates provide details on variances against the budget and forecast year-end positions. This allows members and officers to take actions to address variances and address forecast over and under spends.

Internal controls

37. As part of our audit we identify and inspect the key internal controls in those accounting systems which we regard as significant for the production of the financial statements. Our objective is to gain assurance that DABVJB has

systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements.

38. The systems in place at DABVJB are hosted by West Dunbartonshire Council and were assessed as part of that audit. As part of the Council audit we concluded that the key controls were operating effectively. Overall, no significant control weaknesses were identified which could affect the Council's, and, by extension, DABVJB's, ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.

Prevention and detection of fraud

39. We have responsibility for reviewing the arrangements put in place by management for the prevention and detection of fraud. We reviewed DABVJB's arrangements including policies and codes of conduct for staff and elected members, whistleblowing, and fraud prevention.

40. Based on the evidence reviewed by us, we concluded that the DABVJB has adequate arrangements in place for the prevention and detection of fraud.

Part 3

Financial sustainability



Main judgements

The Joint Board's financial position has been managed through the use of reserves. However, declining reserves, rising demands, increasing costs and reductions to requisition income will continue to place a strain on the Joint Board's capacity to deliver the current level of service.

The level of usable reserves is forecast to fall by the end of 2017/18. It is recommended that the balance held in reserves continues to be reviewed to ensure there are sufficient funds to address ongoing demand on services.

Financial planning

41. It is important that long-term financial strategies (typically covering five to ten years) are in place which link spending to DABVJB's strategies. Although members only approve the budget for a single year, this should be supported by indicative future spending plans (covering three years at least) that forecast the impact of relevant pressures on DABVJB.

42. The Accounts Commission recommended that when future Scottish Government funding is not known, bodies should plan for a range of scenarios so they are prepared for different levels of funding and income. The indicative budgets provided to members, do not include scenarios on savings or service options in the medium to long-term.

Appendix 1, Action Plan, point 1

Funding position

43. The Joint Board approved its 2017/18 budget in February 2017 with proposed total expenditure of £2.765 million. DABVJB has decreased the requisitions from member authorities in 2017/18 by 2%, meaning that the requisition income for 2017/18 is £2.611 million compared with £2.664 million in 2016/17.

44. Plans to address this gap include £0.073 million of other income and a transfer of £0.081 million from usable reserves.

45. DABVJB is facing a number of challenges in maintaining a sustainable financial position in future. These include rising demands for services, increasing costs of services and reductions in requisition funding.

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Savings plans

46. A review of DABVJB's budget information and financial projections for 2017/18 to 2019/20 highlight that the funding settlement for 2018/19 and beyond is uncertain. It is recognised that over the medium term the funding position of local government across Scotland is likely to involve a further period of contraction. The Joint Board anticipates that it will need to identify further recurrent savings from 2018/19. As is normal, the Assessor will undertake a further review of the service provision in order to identify saving options.

Reserves

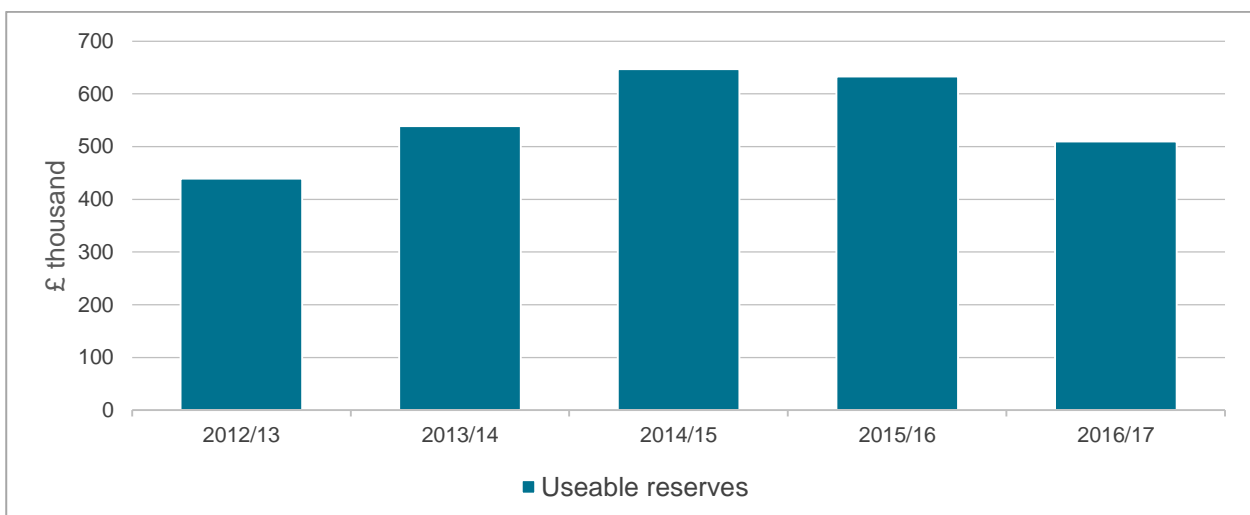
47. Like all joint boards, DABVJB has no specific powers to retain reserves to meet future requirements and technically the amounts held are due to local authorities. These balances are used to support medium-term financial planning and address any unforeseen costs.

48. In 2016/17 the overall level of usable reserves held by DABVJB decreased by £124,000 (20%). The closing balance of £510,000 is 17% of 2016/17 budgeted expenditure. Officers have assessed this as being a prudent level to protect against unforeseen costs.

49. [Exhibit 5](#) provides an analysis of usable reserves over the last five years. The usable reserves balances due to member authorities have reduced since 2014/15. DABVJB forecasts that the level of usable reserves at the end of the 2017/18 financial year will reduce further to £412,000. This, however, is in line with the Board's Prudential Policy which requires reserves of the higher of £100,000 or 2% of budget. It is recommended that the balance held in reserves continues to be reviewed to ensure there are sufficient funds to address ongoing demand on services.

Exhibit 5

Analysis of usable reserves over last five years



Source: DABVJB annual accounts and report 2012/13 – 2016/17

Workforce planning

50. Audit Scotland's [Local government in Scotland – performance and challenges 2017](#) report highlighted the need to plan and manage reductions to

workforces. Failing to do this can affect the skills mix and ability of the organisation to deliver, manage and scrutinise services effectively.

51. The report advises local government bodies to have effective systems in place for managing their workforce and monitoring staffing levels, and that information should be aligned to other long-term plans such as financial plans.

52. As noted at paragraph 34 above, the Joint Board have agreed that the VER/VS exercise approved for 2016/17 will continue into 2017/18, with any approval of an individual being granted the opportunity for VER/VS being based upon individual cost benefit analysis. Whilst considering the efficiencies derived from this exercise, DABVJB should ensure that the operational requirements continue to be met.

Part 4

Governance and transparency



Main Judgements

The Joint Board has effective governance arrangements in place to support the scrutiny of decision making.

The Joint Board is open and transparent in the way it conducts its business; the public can attend meetings and access agendas and meeting papers on the Board's website - <http://www.dab-vjb.gov.uk>.

Governance arrangements

53. Members and management of DABVJB are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and for monitoring the adequacy and effectiveness of these arrangements. We concluded that DABVJB has effective governance arrangements which provide an appropriate framework for organisational decision-making.

54. There was a requirement for the DABVJB to develop a Local Code of Good Governance in 2016/17 in line with the principles of the CIPFA/SOLACE Delivering Good Governance in Local Government 2016 Framework and publicly report on their compliance against this Local Code. A Local Code has not yet been developed, however DABVJB have a Code of Corporate Governance which will provide a sound basis for the development of their Local Code. We note that DABVJB are aware of these requirements and have included this as an action for 2017/18 within their Annual Governance Statement.

Appendix 1, Action Plan, point 2

55. Overall, we concluded that the governance arrangements in place are sound and support governance and accountability, however these should be reviewed on a regular basis.

56. Citizens should be able to hold DABVJB to account about the services it provides. Transparency means that citizens have access to understandable, relevant and timely information about how DABVJB is taking decisions and how it is using its resources. Overall we concluded that DABVJB is open and transparent.

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

Management commentary, annual governance statement and remuneration report

57. The Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 requires Joint Boards to prepare and publish, along with their financial statements, a management commentary, an annual governance statement and

a remuneration report that are consistent with the disclosures made in the financial statements. The management commentary should be fair, balanced and understandable and also clearly address the longer-term financial sustainability of the body.

58.Based on our knowledge and work performed, we concluded that the management commentary, annual governance statement and remuneration report are consistent with the financial statements.

Internal audit

59.Internal audit provides senior management and elected members with independent assurance on DABVJB's overall risk management, internal control and corporate governance processes.

60.The internal audit function is carried out by West Dunbartonshire Council's internal audit team. We carried out a review of the adequacy of the Council's internal audit function and concluded that it operates in accordance with the Public Sector Internal Audit Standards (PSIAS).

61.To avoid duplication of effort, we place reliance on the work of internal audit wherever possible. In 2016/17 we did not place any formal reliance on internal audit reviews for the purpose of obtaining direct assurance for our financial statements work. However, we did review audit reports that were relevant to our work to help with our understanding of the systems and processes in place, but these will not be used to support our opinion on the annual report and accounts.

Transparency

62.Transparency means that the public, in particular local residents, have access to understandable, relevant and timely information about how DABVJB is taking decisions and how it is using resources such as money, people and assets.

63.There is evidence from a number of sources which demonstrate DABVJB's commitment to transparency. Members of the public can attend Joint Board meetings and minutes of the meetings and supporting papers are readily available through DABVJB's website.

64.The Joint Board's website allows the public to access a wide range of information on corporate policies, targets and performance.

65.The Joint Board makes its annual accounts available on its website. These include a management commentary which provides details of performance against budget, information on the use of reserves and risks and uncertainties facing the Joint Board.

66.Overall, we concluded that the Joint Board conducts its business in an open and transparent manner.

Equalities

67.The Equality Act 2010 introduced a public sector general duty that encourages public bodies to mainstream equality, that is, ensure it is part of their core work. The Act requires that by no later than 30 April 2015 and every two years thereafter, public bodies must publish a report on the progress made to achieve the quality of outcomes it has set.

68.We reviewed the current equalities report published in April 2017 and concluded the Joint Board has met its statutory duty to:

- publish information on progress made in mainstreaming equality within the Joint Board
- report on progress made towards achieving equality outcomes published in 2013
- publish annual employee information and details of the progress made in gathering and using information to better meet the duty
- publish updated gender pay gap information.

69. We concluded, on the basis of evidence reviewed, that the Joint Board is proactive in ensuring that equality is mainstreamed.

Part 5

Value for money



Main judgements

Performance management information is reported at each Joint Board meeting.

The Board exceeded its targets for additions to the Council Tax Valuation List in 2016/17.

Performance in updating the Valuation Roll for amendments has deteriorated since 2015/16 with the 2017 revaluation exercise highlighted as a contributing factor

Best Value

70. Best value is a key factor to consider when planning policies, programmes and projects and when taking any spending decisions. DABVJB should have systems and processes to ensure that it can demonstrate that it is delivering best value by assessing and reporting on the economy, efficiency, effectiveness and equality in service provision.

Following the public pound

71. Local government bodies have a statutory responsibility to comply with the Accounts Commission / COSLA Code of Guidance on funding external bodies and following the public pound.

72. The Joint Board's financial regulations state that it will continuously strive to secure best value for money and economy, efficiency and effectiveness in their use of resources.

Performance management

73. A review of the Board's Comments and Complaints handling process, procedures and reporting system was carried out and the changes are being implemented in 2017/18. It is expected that this will lead to improved reporting of complaints outcomes.

74. The Board completed a review of the Budget Reporting Process. The revised reporting format allows more detail of corrective action proposed or taken and increases the transparency and accountability of financial management reporting.

75. The Board has implemented a Procurement Policy and has published a Contracts List and updated the Standing Orders and Financial Regulations to reflect this.

Value for money is concerned with using resources effectively and continually improving services.

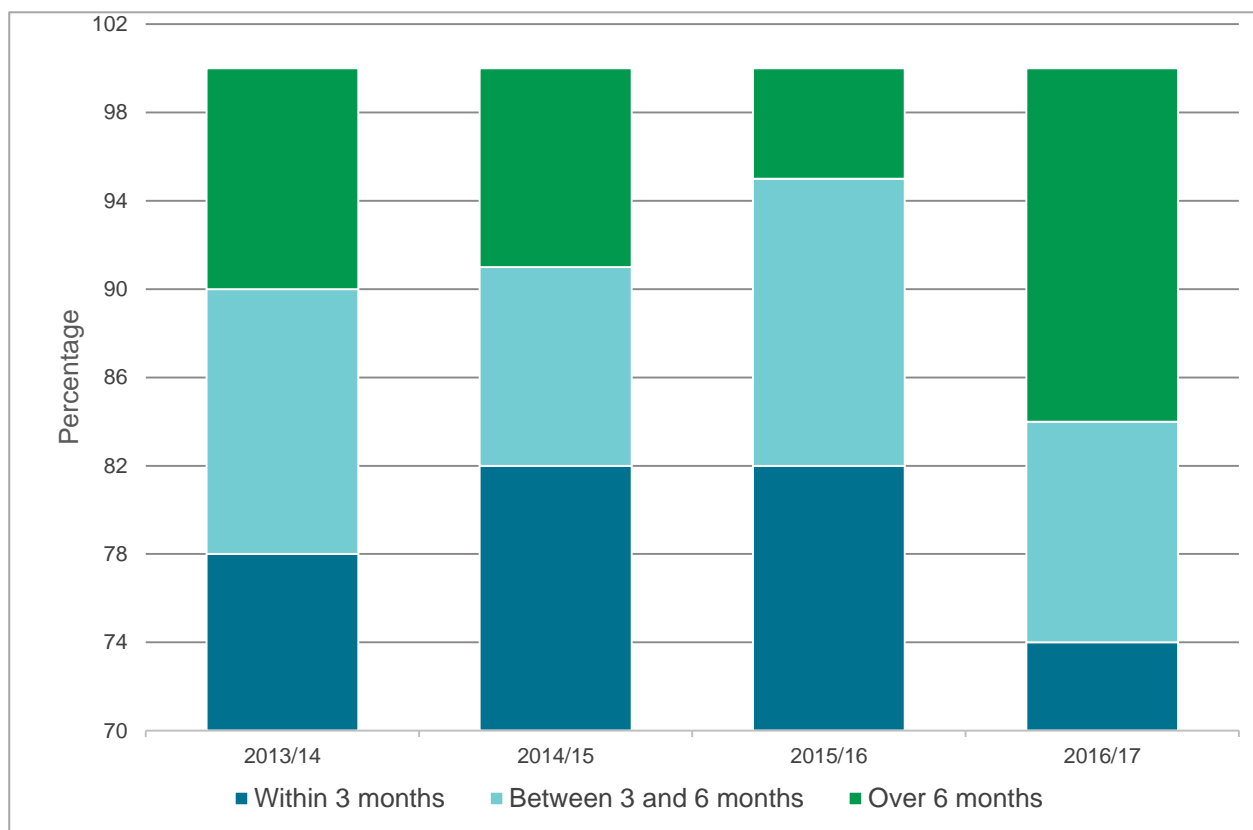
76. One of key tasks DABVJB has been involved in during 2016/17 is in the preparation of the 2017 Non Domestic Rating Revaluation which came into effect on the 1 April 2017. Valuations were carried out as part of the exercise and all were completed in advance of the go live date.

77. The Board is responsible for maintaining and updating the Council Tax Valuation List. In 2016/17, it exceeded its targets for additions to the List.

78. Throughout the year, Board staff were involved in updating the Valuation Roll to take account of additions, alterations and deletions and 848 amendments were made to the Valuation Roll during the year. In 2016/17, there was a target of 83% of amendments to be made within 3 months of notification. The Board did not achieve this target and only 74% of amendments were made within 3 months. This was caused mainly by staff involvement on the Revaluation exercise. The Board is reviewing procedures with the aim of improving performance. [Exhibit 6](#) shows DABVJB performance in relation to updating the Valuation Roll over the last four years.

Exhibit 6

Analysis of performance in adding new properties to Valuation Roll over last four years



Source: DABVJB performance reports from April 2016 to March 2017

79. Performance reports are provided to members. These reports are detailed and provide performance details on DABVJB's functions. Annual public performance reports are published and during 2016/17, the 2015/16 Public Performance Report was published on DABVJB's website (www.dabvjb.gov.uk).

National performance audit reports

80. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2016/17, a number of reports were issued which are of direct interest to the Joint Board. These are outlined in [Appendix 3](#).

81. The Assessor and Depute Assessor attend the Scottish Assessors Association Governance Committee where reports of interest (including relevant Audit Scotland reports) are discussed and information disseminated. Any key risks are then shared with the Joint Board.

Appendix 1

Action plan 2016/17

2016/17 recommendations for improvement

Page no.	Issue/risk	Recommendation	Agreed management action/responsible officer/timing
13	<p>1. Medium-term financial planning</p> <p>Although indicative budgets cover a three year period, members are not provided with scenarios on savings or service options.</p> <p>Risk</p> <p>That there is insufficient information to inform decision-making.</p>	<p>We recommend that scenario planning over the medium to long-term is carried out and key messages from that planning are presented to members.</p>	<p>An improved approach to longer term financial planning will be implemented for budgeting from 2018/19 onwards, including scenario planning and longer term projections.</p> <p>Treasurer</p> <p>31 March 2018</p>
16	<p>2. Local Code Good Governance Arrangements</p> <p>The requirement in 2016/17 for the VJB to develop and publicly report on their compliance with their Local Code was not completed.</p> <p>Risk</p> <p>DABVJB did not adopt the requirements of the Delivering Good Governance Framework in 2016/17.</p>	<p>We recommend that DABVJB develop a Local Code and publicly report on their compliance with this Code for 2017/18.</p>	<p>A local code for the DABVJB will be developed for adoption; thereafter compliance will be reviewed by senior officers and reported during 2017/18.</p> <p>Assessor & Electoral Registration Officer</p> <p>31 March 2018</p>

Appendix 2

Significant audit risks identified during planning





















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

Audit risk	Assurance procedure	Results and conclusions
Risks of material misstatement in the financial statements		
<p>1 Management override of controls</p> <p>ISA 240 requires auditors to consider management's ability to manipulate accounting records and prepare fraudulent or biased financial statements by overriding controls that otherwise appear to be operating effectively.</p>	<p>Detailed testing of journals.</p> <p>Review of accounting estimates for bias.</p> <p>Focused testing of accruals and prepayments.</p> <p>Evaluating significant transactions that are outside the normal course of business.</p>	<p>Our audit procedures did not uncover evidence of management override of controls.</p>
Risks identified from the auditor's wider responsibility under the Code of Audit Practice		
<p>6 Financial sustainability</p> <p>It was anticipated that net expenditure would exceed constituent contributions in 2016/17. There is a risk of insufficient levels of reserves being maintained if cost efficiencies were not achieved.</p>	<p>Review of budget monitoring reports during the year and comment on the financial position within the Annual Audit Report.</p>	<p>A review of budget monitoring reports and the financial statements show that lower than planned reserves were used in 2016/17. However, further use of reserves is anticipated in 2017/18. Efficiency savings will need to be made to ensure services are delivered within budget and an adequate level of reserves is maintained.</p>

Appendix 3

Summary of performance reports 2016/17



Apr			
May		Common Agricultural Policy Futures programme: an update	
Jun		South Ayrshire Council: Best Value audit report	 The National Fraud Initiative in Scotland
Jul		Audit of higher education in Scottish universities	 Supporting Scotland's economic growth
Aug		Maintaining Scotland's roads: a follow-up report	 Superfast broadband for Scotland: a progress update
			 Scotland's colleges 2016
Sept		Social work in Scotland	 Scotland's new financial powers
Oct		Angus Council: Best Value audit report	 NHS in Scotland 2016
Nov		How councils work – Roles and working relationships in councils	 Local government in Scotland: Financial overview 2015/16
Dec		Falkirk Council: Best Value audit report	 East Dunbartonshire Council: Best Value audit report
Jan			
Feb		Scotland's NHS workforce	
Mar		Local government in Scotland: Performance and challenges 2017	 i6: a review
			 Managing new financial powers: an update

Local government relevant reports

[*The National Fraud Initiative in Scotland - June 2016*](#)

[*How councils work - Roles and working relationships in councils - November 2016*](#)

[*Local government in Scotland: Financial overview 2015/16 - November 2017*](#)

[*Local government in Scotland: Performance and challenges 2017 - March 2017*](#)

Dunbartonshire and Argyll & Bute Valuation Joint Board

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