

Lanarkshire Valuation Joint Board

2021/22 Annual Audit Report



 AUDIT SCOTLAND

Prepared by Audit Scotland
September 2022

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Key messages

2021/22 annual accounts

- 1 An unqualified independent auditor's report has been issued for the 2021/22 annual accounts.
- 2 The management commentary, annual governance statement and remuneration report are consistent with the financial statements and properly prepared in accordance with relevant legislation.

Financial sustainability

- 3 The Joint Board reported an underspend of £0.659 million against its final budget in 2021/22 with most of this underspend relating to employee costs.
- 4 The Joint Board's financial position is sustainable for the foreseeable future.

Governance arrangements and performance

- 5 Governance arrangements were effective in 2021/22. The Joint Board's annual governance statement is consistent with the financial statements and complies with applicable guidance.
- 6 The Joint Board's performance was impacted by the pandemic, but it continues to perform well when compared with other Scottish valuation joint boards.

Introduction

1. The scope of our audit was set out in our annual audit plan presented to the March 2022 meeting of the Joint Board.
2. This report sets out our findings from:
 - the audit of the annual accounts
 - our consideration of the Joint Board's financial sustainability, governance arrangements and performance.

Responsibilities and reporting

3. The management of the Joint Board, has responsibility for:
 - preparing financial statements which give a true and fair view.
 - putting in place proper arrangements for the conduct of its affairs.
 - maintaining proper accounting records and appropriate governance arrangements.
4. Our responsibilities, as independent auditor appointed by the Accounts Commission, are established by the Local Government (Scotland) Act 1973, the [Code of Audit Practice 2016](#) and supplementary guidance and International Standards on Auditing in the UK. We undertake our audit in accordance with International Standards on Auditing, and the auditing profession's ethical guidance.
5. At the conclusion of our audit, we provide an independent auditor's report for inclusion in the annual accounts.
6. Audit Scotland's 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 annual audit work can focus on the financial sustainability of the body and the disclosures in the governance statement. In our 2021/22 annual audit plan we conveyed our intention to apply the small body provisions to the 2021/22 audit of the Joint Board's annual accounts.
7. Best Value is about ensuring that there is good governance and effective management of resources, with a focus on improvement, to deliver the best possible outcomes for citizens. As we have applied the Code of Audit Practice small body provisions to the audit of the Joint Board our wider scope responsibilities do not fully apply. Our Best Value work is limited to our audit

work on financial sustainability and governance arrangements. In addition, we have reviewed and commented on the Joint Board's performance outcomes.

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

Communication of fraud or suspected fraud

9. In line with ISA 240, in presenting this report to the Joint Board we seek confirmation from those charged with governance of any instances of actual, suspected, or alleged fraud that should be brought to our attention. Should members of the Board have any such knowledge or concerns relating to the risk of fraud within the Joint Board, we invite them to communicate this to the appointed auditor for consideration.

Adding value through the audit

10. In addition to our primary responsibility of reporting on the annual accounts we seek to add value to the Joint Board by identifying areas for improvement and by recommending and encouraging good practice. In so doing, we aim to help the organisation promote improved standards of governance, better management and decision making, and more effective use of resources.

Appointment of external auditors 2022/23 to 2026/27

11. In March 2022, Audit Scotland wrote to the Joint Board noting that its external auditor would remain Audit Scotland for the period 2022/23 to 2026/27. We will work closely with the new auditor to ensure a well-managed transition.

New Code of Audit Practice

12. A new [Code of Audit Practice](#) applies to public sector audits for financial years starting on or after 1 April 2022. It replaces the Code issued in May 2016.

13. The Code outlines the objectives and principles to be followed by all auditors. The audit of the annual accounts is covered by auditing standards, so the Code focuses more on the wider dimension objectives and responsibilities of public sector auditors. It is a condition of their appointment by the Accounts Commission or Auditor General for Scotland that they follow it.

Auditor Independence

14. Auditors appointed by the Accounts Commission or Auditor General for Scotland must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the annual accounts auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies.

15. 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 2021/22 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.

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

17. We would like to thank the management and staff who have been involved in our work for their cooperation and assistance during the audit.

1. Audit of 2021/22 annual accounts

The principal means of accounting for the stewardship of resources and performance.

Key messages

An unqualified independent auditor's report has been issued for the 2021/22 annual accounts.

The management commentary, annual governance statement and remuneration report are consistent with the financial statements and properly prepared in accordance with relevant legislation.

Our audit opinions on the annual accounts are unmodified

18. The annual accounts for the year ended 31 March 2022 were approved for issue by the Joint Board following its meeting on 5 September 2022.

19. We reported in the independent auditor's report that:

- the financial statements give a true and fair view and were properly prepared in accordance with relevant legislation and the Code of Practice on Local Authority Accounting in the UK.
- the management commentary, annual governance statement and remuneration report were all consistent with the financial statements and properly prepared in accordance with relevant legislation.

20. We concluded that there were no matters upon which we are required to report, by exception, to the Accounts Commission.

The unaudited annual accounts were submitted for audit in line with the agreed timetable

21. We received the unaudited annual accounts on 27 June 2022 in line with the agreed audit timetable. The annual accounts submitted for audit were of a satisfactory standard as were supporting working papers. Finance staff provided good support to the audit team which helped ensure the final accounts audit process ran smoothly.

Our audit identified and addressed the significant risks of material misstatement reported in our 2021/22 annual audit plan

22. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit, we identified two significant risks of material misstatement which could impact on the annual accounts. [Exhibit 1](#) sets out these risks together with the work we undertook to address them and our conclusions from this work.

Exhibit 1

Significant risks of material misstatement reported in the 2021/22 annual audit plan

Description of Risk	Audit response to risk	Results and conclusion
<p>1. Risk of management override of controls</p> <p>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.</p>	<p>Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.</p> <p>Test journals at the year-end and post-closing entries and focus on significant risk areas.</p> <p>Evaluate significant transactions outside the normal course of business.</p> <p>We will assess any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year.</p>	<p>Results: Journal adjustments were tested, and no indications of management override of controls were found.</p> <p>We tested accruals and prepayments and confirmed that income and expenditure was properly accounted for in the financial year.</p> <p>We reviewed transactions during the year. No issues were highlighted of significant transactions outside the normal course of business.</p> <p>Judgements and estimations applied were tested to confirm they were appropriate and reasonable.</p> <p>Conclusion: No instances of management override of controls were identified.</p>

2. Significant estimation and judgement – pension liability

There is a significant degree of subjectivity in the measurement and valuation of the pension liability included in the annual accounts. The valuation is based on specialist and management assumptions and changes in these can result in material changes to the pension liability.

Evaluate the competence, capabilities, and objectivity of the actuary.

Obtain an understanding of management's involvement in the valuation process, including the information they provide to the actuary, to assess if appropriate oversight and challenge has occurred.

Critically assess the adequacy of the disclosures regarding the assumptions in relation to the valuation of the pension liability.

Results: We assessed the reliability of the actuary and reviewed their work.

We enquired with management, who confirmed their review and acceptance of the assumptions applied by the actuary.

Pension disclosures agreed in full to information from actuaries, or to financial records where applicable. No issues were identified from our work in response to this risk.

Further comment on the pension balance is included at [paragraphs 30 to 34](#).

Conclusion: No issues were identified with the assumptions applied to the pension balance. This was correctly accounted for and disclosed in the annual accounts.

Source: Audit Scotland

Our audit testing reflected the calculated materiality levels

23. Materiality can be defined as the maximum amount by which auditors believe the annual accounts 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).

24. Our initial assessment of materiality for the annual accounts is undertaken during the planning phase of the audit. On receipt of the unaudited annual accounts, we reviewed our original materiality calculations and concluded that they remained appropriate. Our materiality levels are set out at [exhibit 2](#).

Exhibit 2

Materiality levels

Materiality level	Amount
Overall materiality: This is the figure we use in assessing the overall impact of potential adjustments on the financial statements. It has been set at 2% of gross expenditure for the year ended 31 March 2022.	£95,000
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 calculated performance materiality at 75% of planning materiality.	£70,000
Reporting threshold: We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount. This has been set at 5% of planning materiality.	£5,000

Source: Audit Scotland

No misstatements were identified

25. There were no material adjustments to the unaudited annual accounts arising from our audit. In addition, we have no unadjusted misstatements to report.

We have no significant findings to report on the annual accounts

26. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to “those charged with governance”.

27. There are no significant findings to report.

28. The qualitative aspects of the Joint Board’s accounting practices, accounting policies, accounting estimates and accounts disclosures are satisfactory and appropriate to the Joint Board.

29. In accordance with normal audit practice, a few presentational and disclosure amendments were discussed and agreed with management.

Other areas of audit interest from the annual accounts

Market volatility has caused significant movement in the pension balance

30. This section is included for information as we consider that the large year-on year movement in the pension balance requires explanation and comment. We are satisfied that the Joint Board’s disclosure of its pension balance complies with required accounting practices.

31. The pension balance represents the difference between expected future payments to pensioners and the underlying value of pension fund assets available to meet this liability.

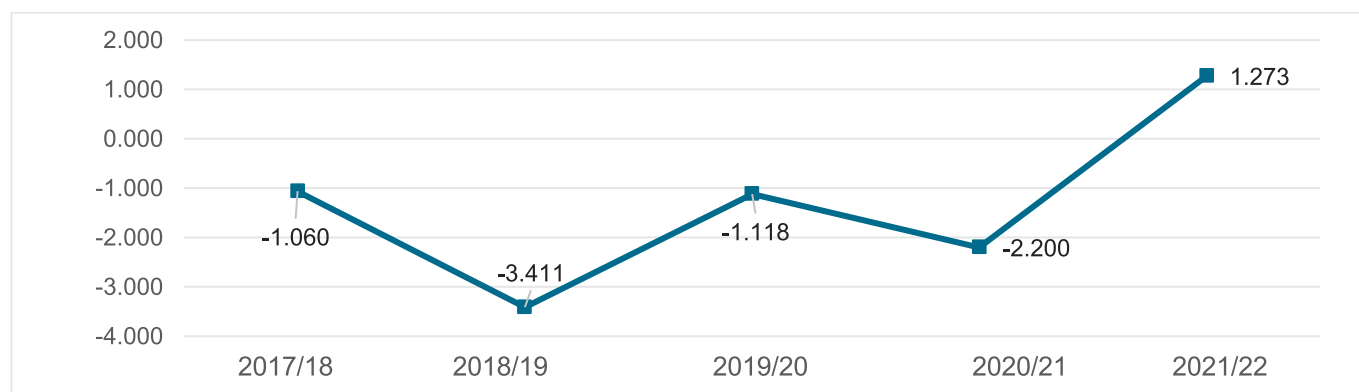
32. The Joint Board is an admitted member of Strathclyde Pension Fund. Valuation of pension fund assets and liabilities is assessed by an independent firm of actuaries (Hymans Robertson LLP). Pension assets and liabilities are calculated annually for each individual member body, by the actuary, for inclusion in the annual accounts. Annual valuations are dependent on a number of external variables, including projected rates of return on assets, projected rates of price and pay inflation, interest rates and mortality estimates. We have reviewed the actuarial assumptions used for the valuation and are satisfied that they appear reasonable and in line with assumptions used by other public sector actuaries over the same period.

33. The Strathclyde Pension Fund actuary provided an estimate of the Joint Board's asset as at 31 March 2022. The actuary advised of a positive movement of £3.473 million in this balance, from a liability position of £2.200 million in 2020/21 to an asset of £1.273 million in 2021/22.

34. [Exhibit 3](#) sets out the movement in the Joint Board's pension balance over the last five years, with 2021/22 showing an asset position. Historically there has been considerable volatility year-on-year in the valuation of pension fund assets and liabilities across the public sector. Small changes in actuarial assumptions can have a significant impact on the calculation of the closing position and this is reflected in the movements in the Joint Board's pension balance over the last five years.

Exhibit 3

Pension balance position 2017/18 to 2021/22



Source: Lanarkshire VJB audited annual accounts 2017/18 to 2021/22

Our audit work addressed the wider dimension risk identified in our 2021/22 annual audit plan

35. The [Code of Audit Practice 2016](#) requires auditors to consider the wider dimensions of public sector audit. Within our 2021/22 annual audit plan, under this responsibility, we identified one wider dimension risk in relation to:

- Workload demands - impact on performance

36. [Appendix 1](#) summarises the audit procedures we performed during the year to obtain assurances over this risk and the conclusions from the work completed. Further details of our work in relation to the audit dimensions is included in sections two and three of this report.

Follow up of prior year recommendations

37. There were no actions raised in our [2020/21 annual audit report](#).

2. Financial sustainability

Financial Sustainability looks forward to the medium and long term to consider whether a body is planning effectively to continue to deliver its services.

Key messages

The Joint Board reported an underspend of £0.659 million against its final budget in 2021/22 with most of this underspend relating to employee costs.

The Joint Board's financial position is sustainable for the foreseeable future.

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38. The Joint Board is mainly funded by requisitions from its constituent members North Lanarkshire Council and South Lanarkshire Council.

39. The Joint Board approved its 2021/22 budget in December 2020. This was set based on net expenditure of £3.835 million, with a planned contribution from the Board's reserves of £0.345 million. During the year, this budget was revised to include additional funding received to support the Barclay review (£0.704 million). Further changes also included a reduction in Cabinet Office funding of £0.020 million. In addition, the final 2021/22 grant settlement received by councils did not include the expected 1% reduction per the Board's original budget. As the settlement was not reduced, budgeted requisition payments of £0.038 million were reinstated. This was offset by a reduction in the use of reserves to balance the budget.

40. The various changes resulted in a final budget of £4.677 million for 2021/22 and included a revised budget transfer from reserves of £0.307 million.

41. The actual outturn in 2021/22, as reported in the annual accounts, was total net expenditure of £4.019 million and total income of £4.371 million, resulting in an underspend of £0.352 million. When compared with the final budget of £4.677 million, there is an actual underspend of £0.659 million. As a result of this position, the planned use of £0.307 million of reserves was not needed, instead, an additional £0.352 million was transferred to the Joint Board's reserves in 2021/22.

42. Most of the variance against budget is in relation to employee costs. The underspends in employee costs both in 2021/22 (£0.546 million) and in previous years (£0.759 million in 2020/21) has led to the general fund reserve balance

increasing, [exhibit 4](#). Management advised that despite running recruitment campaigns, there were a number of vacant posts not filled throughout the year that contributed to this underspend.

The Joint Board's financial position is sustainable for the foreseeable future

43. There is evidence that its constituent councils will continue to support the operations and existence of the Joint Board, with a balanced budget agreed for 2022/23. When combined with the medium-term financial and workforce plans in place, together with the new three-year Service Plan, we consider the Joint Board to be financially sustainable for the foreseeable future.

The 2022/23 budget is balanced

44. The Joint Board approved its 2022/23 budget in December 2021. This was set based on gross expenditure of £3.665 million, with a planned contribution from the Board's reserves of £0.193 million.

45. Since setting the budget, final confirmation of the Local Government Finance Settlement together with information on government grants, including Barclay funding, has been received. These adjustments take the overall budget to £4.265 million for 2022/23, with a revised use of reserves of £0.060 million.

46. Members monitor the Joint Board's budget position through the budget monitoring reports presented to each meeting of the Joint Board. The budget monitoring reports provide an overall picture of spend against budget and include a good level of detail in the narrative to explain the main budget variances.

47. The 2022/23 budget monitoring update presented to the June 2022 meeting of the Joint Board noted a budget underspend of £0.059 million as at May 2022 with a forecast break-even position for the year-ended 31 March 2023.

There remain difficulties with staff recruitment

48. Employee costs comprise the greater part of the Joint Board's annual expenditure (71% of net expenditure in 2021/22). This should dictate that the Joint Board adopts a strategic approach to workforce and succession planning and that this should be closely related to the Joint Board's other corporate strategies.

49. The Joint Board has recognised the need for a longer-term strategic approach to its workforce and established a workforce plan in 2020/21. The plan covers the financial years 2020/21 to 2023/24. This will help ensure it meets the demands placed on it by its stakeholders over the coming years.

50. To help management address and monitor the workforce requirements, in conjunction with the workforce plan, an action plan sits alongside this. This focusses on areas where significant change has been identified and where action is needed to deliver on core functions. The action plan identifies the number of staff needed for each of the core objectives together with actions to help achieve future workload priorities.

51. The Joint Board will see an increase in its workload over the coming years. This includes preparations for the first non-domestic rating revaluation in 2023 following the Barclay review. There will likely be an increase in demand for qualified chartered surveyors to ensure compliance with the recommendations of this review.

52. Management recognises that a shortage of qualified chartered surveyors and the inability to recruit and retain them represents a risk to the delivery of future services. The Joint Board has advertised and recruited for a number of roles during 2021/22 but the competitive labour market has meant that a number of vacancies still exists.

53. There have been significant underspends in employee costs over the past few years. Whilst we recognise the competitive labour market in which the Joint Board is operating in, there is an ongoing need for management to closely monitor the workforce to ensure capacity pressures do not negatively impact on the Joint Board's ability to deliver its services and objectives in a sustainable way.

54. At each meeting of the Joint Board, management provide members with an update on staffing changes that have occurred during the quarter. This allows members to assess and scrutinise the latest workforce position of the Joint Board.

55. Despite these workforce pressures, as noted at [paragraphs 75 to 78](#), the Joint Board continues to perform well when compared with other Scottish boards, with its performance in 2021/22 not negatively impacted by resourcing pressures.

The Joint Board has a strategy in place for the utilisation of its reserves

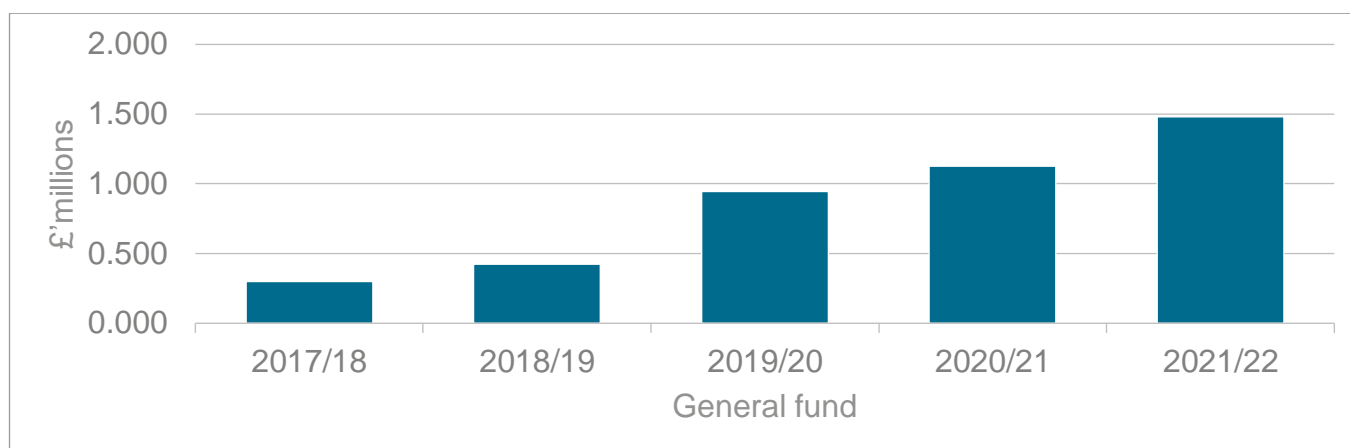
56. As at 31 March 2022 the Joint Board's general fund stands at £1.479 million (31 March 2021: £1.127 million). [Exhibit 4](#) provides an analysis of the Joint Board's general fund over the last five years. The reserve balance has increased substantially over the past few years primarily because of unplanned underspends in employee costs.

57. The Financial Management Code (FM Code) from CIPFA applies from 2021/22 and is designed to support good practice in financial management, with compliance against the principles helping local authorities demonstrate financial sustainability. The Joint Board undertook a self-assessment against the Code during the shadow implementation year, 2020/21. The review highlighted the need for a statement as to the adequacy of the Joint Board's reserves to be included in its 2022/23 budget paper.

58. There is no prescribed level of reserves, but the Treasurer has a responsibility to advise the Joint Board on the creation and levels of reserves that are appropriate to its circumstances. As part of its medium-term financial strategy, discussed further below, the Joint Board has plans in place to utilise a portion of this reserve balance between 2022/23 to 2025/26. This reserve strategy provides a clear plan for the effective management of the Joint Board's reserves which will be key to it maintaining financial sustainability. The strategy also ensures compliance with the outstanding prior year FM Code principle.

Exhibit 4

Analysis of general fund 2016/17 to 2020/21



Source: Lanarkshire VJB audited annual accounts 2017/18 to 2021/22

The Joint Board has produced a new medium-term financial strategy

59. The Joint Board approved its new medium-term ‘Financial Strategy 2023/24 to 2025/26’ in June 2022. This outlines the Joint Board’s planned management of its budget and reserves over this period, [exhibit 5](#). The strategy allows management and members to consider the impact of the Joint Board’s increased workload set against the current financial pressures being experienced by most public organisations. It provides actions to mitigate some of these pressures. For example, there are plans to use some of the Joint Board’s £1.479 million reserve balance over this medium-term to reduce the contributions required from both constituent member councils. The strategy also commits to achieving efficiency savings of £0.175 million over this period.

60. The strategy is predicated on several assumptions. Based on known information to date, the assumptions applied appear reasonable.

61. The main area of uncertainty in the strategy relates to the Barclay funding. The strategy assumes that the Barclay funding will remain at the same level as 2022/2023, being £0.698 million, for the remainder of the current parliamentary term. The Scottish Government has not provided any information beyond 2024/2025. As such, the Joint Board will be required to cover the risk that the Barclay funding is reduced or removed after 2024/25. The Joint Board considers the proposed reserve balance of £0.502 million, as at 2025/26, to be reasonable to mitigate this risk.

62. As the strategy progresses and more information becomes available, including the crystallisation of any Barclay announcements, consideration should be given to reviewing and updating the strategy to ensure it incorporates the latest funding and reserve position of the Joint Board.

Exhibit 5

Budget and reserves position 2022/23 to 2025/26

Year	2022/23 £'million	2023/24 £'million	2024/25 £'million	2025/26 £'million
Total expenditure	4.265	4.302	4.367	4.403
Total funding	4.205	4.120	4.035	4.000
Use of reserves	0.060	0.182	0.332	0.403
Closing reserves balance	1.419	1.237	0.905	0.502

Source: Lanarkshire VJB Financial Strategy 2023/2024 to 2025/2026

3. Governance arrangements and performance

The effectiveness of scrutiny and oversight, and transparent reporting of information, including performance

Key messages

Governance arrangements were effective in 2021/22. The Joint Board's annual governance statement is consistent with the financial statements and complies with applicable guidance.

The Joint Board's performance was impacted by the pandemic, but it continues to perform well when compared with other Scottish valuation joint boards.

The Joint Board approved its new Service Plan covering 2022 to 2025

63. At the March 2022 meeting of the Joint Board members approved the new Service Plan that covers the period 1 April 2022 to 31 March 2025. The Plan has been developed to assist the Board in ensuring that its services are delivered as effectively and efficiently as possible to service users. The Service Plan sets out the key challenges faced by Joint Board within its three core business areas.

Electoral Registration

- to respond to and implement changes which result from any electoral reform throughout the currency of the Service Plan.
- to plan for and ensure service delivery for each election arising over the period of the Service Plan.
- to implement changes which result from any boundary review and polling district review processes.
- to ensure the completeness and accuracy of the Electoral Registers.

Non-Domestic valuation

- to ensure the maintenance of the Valuation Roll between revaluations and that values accurately reflect changes to Valuation Roll entries.
- to ensure the disposal of all appeals received in accordance with statutory timescales.

- to plan for and ensure the completion of, in accordance with statutory timescales, the 2023 Revaluation; undertake new statutory duties which are because of the Barclay Review of Non-Domestic Rating.

Council Tax

- to ensure that new houses are entered in the Valuation List as soon after completion as possible
- to ensure that band changes relating to a material change of value of a dwelling, followed by its subsequent sale, are affected as soon as possible.
- to continue to deal with proposals to alter Council Tax bands as efficiently as possible.

64. As with the previous iteration of the Service Plan, regular updates on the key business areas noted above, and progress on specific projects contained within the Plan, will be reported to the Joint Board for members to review and scrutinise.

Governance arrangements were effective in 2021/22. The Joint Board's annual governance statement is consistent with the financial statements and complies with applicable guidance

65. A Local Code of Corporate Governance was approved by the Joint Board in March 2019. Each year the Joint Board undertakes a review of its governance arrangements against these principles. In line with good practice, going forward, we would advise that management formally documents and reports this review to the Joint Board each year.

66. Public bodies have had to quickly change how they deliver services in response to the ongoing Covid-19 outbreak and the related restrictions introduced. The widespread use of virtual working and the rapid introduction of new programmes and working practices created a range of potential financial risks and challenges to internal controls. In its annual governance statement, the Joint Board has made appropriate disclosure of the continued impact that Covid-19 has had on its governance arrangements in 2021/22 and the steps it has taken in response to this.

67. South Lanarkshire Council's internal audit function carries out specific audit work on the Joint Board in line with the agreed Service Level Statement between the two organisations. Internal audit provides the Joint Board with independent assurance on risk management, internal control, and corporate governance processes.

68. The Internal Audit Manager's annual assurance statement concluded that a reasonable level of assurance could be placed on the adequacy and effectiveness of the Joint Board's framework of governance, risk management and control arrangements for the year ended 31 March 2022. This assurance has been disclosed in the Joint Board's annual governance statement.

69. The information in the annual governance statement is consistent with the financial statements and our knowledge of the Joint Board's operations and was prepared in accordance with the CIPFA/SOLACE guidance: Delivering Good Governance in Local Government: Framework (2016).

High-level systems of internal control operated effectively during 2021/22

70. South Lanarkshire Council, as host authority, provides support in some key areas of business, particularly in finance, legal and information technology, with the council's systems used to produce the Joint Board's annual accounts.

71. The appointed external auditor of South Lanarkshire Council considered whether the council's key accounting and internal financial controls were adequate to prevent material misstatements in the annual accounts. These are the same systems used to produce the Joint Board's annual accounts.

72. We have reviewed the council's external auditor's findings. They concluded that the key controls within its main financial systems were operating satisfactorily. As such, we are satisfied there is no significant risk to the Joint Board's annual accounts.

The Joint Board's 2021/22 management commentary provides a reasonable picture of its performance and operational activity for the year

73. The management commentary is intended to expand upon and provide clarity and context to the information in the annual accounts. Guidance emphasises that each body has scope for innovation and variation on how it "tells its story." The general principle is that it should provide "a fair, balanced and understandable" analysis of a body's performance to meet the needs of members and other stakeholders, including members of the public.

74. We concluded that the 2021/22 management commentary is consistent with our knowledge and experience of the organisation and presents a reasonable picture of the Joint Board's performance.

The Joint Board's performance was impacted by the pandemic, but it continues to perform well when compared with other Scottish valuation joint boards

75. Service performance is measured by standard performance indicators agreed between the Scottish Government and the Scottish Assessors' Association. We assessed the Joint Board's published data against that of the other Scottish valuation joint boards.

Council tax – addition of new houses to the council tax list

76. We concluded that, in respect of adding new houses to the council tax valuation list, the Joint Board is performing above the national average, [exhibit 6](#). The performance achieved exceeded the targets as set out in the Joint

Board's performance report, being 87% and 92% for within 3 and 6 months, respectively.

77. During the year, the Joint Board's internal audit function undertook a review of the process to value, and add, new dwellings, to the council tax valuation list. The review identified a few recommendations primarily relating to the documentation in support of the valuations. However, an overall reasonable level of assurance was provided. Internal audit noted that generally, the expected controls were in place for the addition of new domestic dwellings to the valuation list.

Exhibit 6

Council tax – addition of new houses to the council tax list

Year	Average of comparator boards			Lanarkshire VJB		
	2019/20	2020/21	2021/22	2019/20	2020/21	2021/22
Achievement						
Within 3 months	92%	83%	88%	96%	93%	93%
Within 6 months	97%	94%	97%	99%	98%	98%

Source: Scottish Assessors Association – KPIs 2021/22

Valuation roll – amendments to the valuation roll

78. In respect of amendments to the valuation roll, the Joint Board's performance was impacted by the pandemic, with lockdowns and other restrictions limiting site visits. Although an improvement on last year, the Joint Board's targets of 77% of alternations being made within 3 months and 92% within 6 months were not met. However, the Joint Board's performance in this area is above the national average when compared with the other Scottish boards, [exhibit 7](#). From review of the Joint Board's historical performance, and given the mitigating circumstances, we do not consider this to represent deeper issues over the Joint Board's performance, with the 2021/22 results trending back towards its pre-pandemic performance levels.

Exhibit 7

Valuation roll – amendments to the valuation roll

Average of comparator boards Lanarkshire VJB

Year	2019/20	2020/21	2021/22	2019/20	2020/21	2021/22
Achievement						
Within 3 months	68%	54%	61%	84%	38%	68%
Within 6 months	82%	72%	78%	93%	66%	83%

Source: Scottish Assessors Association – KPIs 2021/22

National performance reports

79. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. National performance reports, published in 2021/22, which may be of interest to members can be found on the Audit Scotland [website](#).

Appendix 1 Audit dimension risk

The table below sets out the audit dimension risk that we identified in our 2021/22 annual audit plan together with a summary of the audit procedures we performed during the year to obtain assurances over this risk and the conclusions from the work completed.

Audit dimension risk

Description of risk	Audit response to risk	Results and conclusions
<p>1. Workload demands - impact on performance</p> <p>There is a risk that there will be insufficient resources to meet the increased operational needs in relation to:</p> <ul style="list-style-type: none"> the recommendations arising from the Barclay review of non-domestic rates. potential increased workload arising from complex appeals including demands of the designated assessor responsibility in the valuation of electricity generation subjects. inability to attract suitably qualified staff due to market competition. 	<p>Review of updates to the workforce plan.</p> <p>Ongoing discussions with key client staff.</p> <p>Review of key performance indicators.</p> <p>Consideration of the latest financial strategy.</p>	<p>Results: The Joint Board has developed a workforce plan covering 2020/21 to 2023/24 and a new medium-term financial strategy covering 2023/24 to 2025/26.</p> <p>As noted in paragraphs 75 to 78, overall, the Joint Board's performance was not impacted by resourcing pressures. Although Covid-19 did affect performance relating to amendments to the valuation roll, we do not consider this to represent deeper issues over the Joint Board's performance, with the 2021/22 results showing a trend back towards pre-pandemic performance levels.</p> <p>There was a budget underspend of £0.546 million in employee costs for 2021/22 partly due to vacant posts for which recruitment is ongoing.</p> <p>Conclusion: Although resource pressures remain, these did not negatively</p>

Description of risk	Audit response to risk	Results and conclusions
		impact on the Joint Board's performance in 2021/22.

Lanarkshire Valuation Joint Board

Annual Audit Report 2021/22

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