Ayrshire Valuation Joint Board

2023/24 Annual Audit Report

Prepared by Audit Scotland for the Ayrshire Valuation Joint Board and Accounts Commission

September 2024

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Key messages

2023/24 Annual Accounts

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Financial sustainability

3 The Ayrshire Valuation Joint Board (the Board) reported an underspend of £0.240 million against its final budget in 2023/24 with most of this underspend relating to employee costs.

4 The Board's financial position is sustainable over the medium-term.

Governance arrangements and performance

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Introduction

1. Andrew Kerr (Senior Audit Manager) has been appointed by the Accounts Commission as auditor of Ayrshire Valuation Joint Board for the period from 2022/23 until 2026/27. The 2023/24 financial year was the second of his five-year appointment. Hi appointment coincides with the new Code of Audit Practice which was introduced for financial years commencing on or after 1 April 2022.

2. We would like to thank members, senior management, and other staff, particularly those in finance, for their cooperation and assistance in this year.

3. This report summarises the findings from the 2023/24 annual audit of Ayrshire Valuation Joint Board (the Board). The scope of our audit was set out in our Annual Audit Plan presented to the March 2024 meeting of the Board.

4. This report sets out our findings from:

- the audit of the Annual Accounts
- our consideration of the Board's financial sustainability, governance arrangements and performance.

Responsibilities and reporting.

5. The management of the 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.

6. Our responsibilities, as independent auditor appointed by the Accounts Commission, are established by the Local Government (Scotland) Act 1973, the Code of Audit Practice 2021 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.

7. At the conclusion of our audit, we provide an independent auditor's report for inclusion in the Annual Accounts.

8. Audit Scotland's Code of Audit Practice 2021 includes provisions relating to the audit of less complex organisations. 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 2023/24 Annual Audit Plan we conveyed our intention to apply the less complex body provision to the 2023/24 audit of the Board's Annual Accounts.

9. 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 less complex body provision to the audit of the 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 Board's performance outcomes.

10. This report raises matters from our audit and contains an agreed action plan at Appendix 1. It sets out specific recommendations, the responsible officers, and dates for implementation. 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.

11. In line with ISA (UK) 240 *(The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*), in presenting this report to the 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 have any such knowledge or concerns relating to the risk of fraud within the Board, we invite them to communicate this to the appointed auditor for consideration prior to the Annual Accounts being certified.

Adding value through the audit.

12. In addition to our primary responsibility of reporting on the Annual Accounts we seek to add value to the 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.

Auditor Independence.

13. 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.

14. 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 2023/24 audit fee of £9,330 as set out in our Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

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

1. Audit of 2023/24 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 2023/24 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.

16. The Annual Accounts for the year ended 31 March 2024 were approved for issue by the Board following its meeting on 19 September 2024.

17. 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.

18. 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

19. We received the unaudited Annual Accounts on 28 June 2024 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 2023/24 Annual Audit Plan.

20. 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 2023/24 Annual Audit Plan

Description of Risk	Audit response to risk	Results and conclusion
1. Risk of material misstatement due to fraud caused by management override of controls As stated in ISA (UK) 240 *(The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements)*, management is in a unique position to perpetrate fraud because of their ability to override controls that otherwise appear to be operating effectively.	Assurances will be obtained from the auditor of South Ayrshire Council over the design and implementation of controls over journal entry processing. 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. Test journals at the year-end and post-closing entries and focus on significant risk areas. Evaluate significant transactions outside the normal course of business. Assess any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year. Substantive testing of income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year. Focussed testing of accounting accruals and prepayments.	**Results:** Satisfactory assurances over the design and implementation of controls over journal entry processing were obtained from the auditor of South Ayrshire Council. Journal adjustments were tested, and discussed with management and no indications of management override of controls were found. We reviewed transactions during the year. No issues were highlighted of significant transactions outside the normal course of business. Judgements and estimations applied were tested to confirm they were appropriate and reasonable. We tested accruals and prepayments and confirmed that income and expenditure was properly accounted for in the financial year. **Conclusion:** No instances of management override of controls were identified.

2. Estimation in the valuation of land and buildings The Board held land and buildings with a net book value of £0.495 million as at 31 March 2023. A full revaluation of this asset is due in 2023/24. **Risk:** There is a significant degree of subjectivity in the valuation of land and buildings. Valuations are based on specialist and management assumptions, and changes in these can result in material changes to valuations.	Review the information provided to the external valuer to assess for completeness. Evaluate the competence, capabilities, and objectivity of the professional valuer. Obtain an understanding of the management's involvement in the valuation process to assess if appropriate oversight has occurred. Test the reconciliation between the financial ledger and the property asset register. Critically assess the adequacy of the Board's disclosures regarding the assumptions in relation to the valuation of land and buildings.	**Results:** Our review of the valuer's work confirmed the appropriateness of the methodology and assumptions used. We did not identify any non-compliance with RICS guidance. We found that management have an appropriate level of involvement and oversight of the valuation process. We did not identify any issues with the reconciliation between the financial ledger and the property asset register. We found that appropriate disclosures have been made regarding the assumptions in relation to the valuation of land and buildings. **Conclusion:** No issues were identified with the assumptions applied to the revaluation.

Source: Audit Scotland

21. In addition, we identified and area of audit focus in our 2023/24 Annual Audit Plan where we considered there to be a risk of material misstatement to the financial statements. The area of specific audit focus was:

- **Pension balance:** We confirmed that valuation data in the actuarial report was correctly reflected within the Annual Accounts, and reviewed the work of the actuary, including consideration of the appropriateness of the actuarial assumptions used.

22. We kept this area under review throughout our audit. Based on the findings of the audit procedures performed, there are no matters which we need to bring to your attention. We have commented further on the pension balance in exhibit 3.

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 2024.	£55,000
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.	£40,000
Reporting threshold: We are required to report to those charged with governance on all unadjusted misstatements more than the ‘reporting threshold' amount.	£3,000

Adjustments were made to the Annual Accounts.

25. At the time of presenting the unaudited Annual Accounts to the June 2024 meeting of the Board, and subsequently the audit team, management advised the statutory year-end accrual for employee annual leave had not been updated for 2023/24. During the audit we reviewed the updated calculation, and we are satisfied that it is reasonable. The change has increased Total Comprehensive Expenditure by £0.024 million with a corresponding decrease Net Assets.

26. Additionally, our review of the asset register identified that the entire class of Plant and Equipment, with an original cost of £0.314 million, was fully depreciated. Within this were assets dating back to 1997/98. Where assets are no longer in use they should be formally scrapped or sold. Significant assets continuing in use should be revalued and depreciated over their remaining useful economic life. We asked management to undertake a review of these assets. This confirmed that assets with an original cost of £0.273 million could be derecognised as they were no longer in use by the Board. These adjustments impact on the presentation of Note 11 but have no impact on the Total Comprehensive Income and Expenditure Statement or Net Assets.

27. In accordance with normal audit practice, a few presentational and disclosure amendments were discussed and agreed with management. The disclosure changes were satisfactory.

We have one significant finding to report on the Annual Accounts.

28. Under ISA (UK) 260 *(Communication with Those Charged with Governance)*, we communicate significant findings from the audit to members, including our view about the qualitative aspects of the Board's accounting practices.

29. The Code of Audit Practice also requires all auditors to communicate key audit matters within the Annual Audit Report under ISA (UK) 701 *(Communicating key audit matters in the Independent Auditor's Report).* These are matters that we judged to be of most significance in our audit of the financial statements.

30. There is one significant finding to report (exhibit 3).

31. The qualitative aspects of the Board's accounting practices, accounting policies, accounting estimates and accounts disclosures are satisfactory and appropriate.

Exhibit 3

Significant finding and key audit matter from the audit of the Annual Accounts

Issue	Resolution
1. Pension balance 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. The 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. The Strathclyde Pension Fund actuary provided an estimate of the Board's asset as at 31 March 2024. The Board's 2023/24 valuation showed an asset of £9.784 million (2022/23: asset of £9.321 million). As required by accounting standards, the amount that can be recognised as an asset is limited to the estimated future service cost less the minimum contribution required, otherwise known as the asset	This is included for information due to the large year-on year movement in the pension balance. We are satisfied that the Board's disclosure, and accounting treatment, of its pension balance complies with required accounting practices.

Issue	Resolution
ceiling. The actuary has provided the estimate for this ceiling amount. The asset shown in the Board's Balance Sheet has been limited to £0 million (2022/23: capped at £0.445 million) based on the actuaries estimate.	

Source: Audit Scotland

The Board's 2023/24 Management Commentary provides a reasonable picture of its performance and operational activity for the year.

32. 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.

33. We concluded that the 2023/24 Management Commentary is consistent with our knowledge and experience of the organisation and presents a reasonable picture of the Board's performance.

The audited part of the Remuneration Report was consistent with the Annual Accounts and has been prepared in accordance with applicable regulations.

34. The Local Authority Accounts (Scotland) Regulations 2014 requires the Board to include a Remuneration Report within its Annual Accounts that includes details of:

- the remuneration of relevant persons, including pension entitlements, for the financial year (and prior year comparator); and accrued pension benefits figures at 31 March of that year, and
- information on pay bands and the number and cost of exit packages approved during the financial year.

35. We have no issues to report in relation to the information included within the Remuneration Report in the Board's 2023/24 Annual Accounts.

2. Financial sustainability

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

Key messages

The Board reported an underspend of £0.240 million against its final budget in 2023/24 with most of this underspend relating to employee costs.

The Board's financial position is sustainable over the medium-term.

The Board reported an underspend of £0.240 million against its budget in 2023/24 with most of this underspend relating to employee costs.

36. The Board is mainly funded by requisitions from its constituent members North, South and East Ayrshire Councils.

37. The Board approved its 2023/24 budget in March 2023. This was set based on net expenditure of £2.904 million, with a planned contribution from the Board's reserves of £0.334 million.

38. The actual budget outturn in 2023/24, as reported to the Board in June 2024 and reflected in the Management Commentary to the Annual Accounts, was total net expenditure of £2.664 million. This is an underspend of £0.240 million against the budget. As a result of this position, only £0.094 million of the planned use of £0.334 million of reserves was needed.

39. Most of the variance against budget is in relation to employee costs. There have been underspends in employee costs in recent years, including £0.172 million in 2023/24 (£0.061 million in 2022/23 and £0.153 million in 2021/22). Management advised that despite running recruitment campaigns, there were several vacant posts not filled throughout the year.

40. After taking into consideration various statutory accounting adjustments (primarily pension adjustments of £0.051 million), the Annual Accounts show a deficit of £0.181 million in the Comprehensive Income and Expenditure Statement.

The Board's financial position is sustainable over the medium-term.

41. There is evidence that its constituent councils will continue to support the operations and existence of the Board, with a balanced budget agreed for

2024/25. When combined with the workforce plan and the clear direction set by its Corporate and Service Plans, we consider the Board to be financially sustainable for the foreseeable future. There is a commitment from the Board and constituent councils to address the projected financial pressures for 2025/26 onwards.

The Board approved a balanced budget for 2024/25.

42. The Board approved its 2024/25 budget in March 2024. This was set based on net expenditure of £2.864 million, with a planned contribution from the Board's reserves of £0.294 million.

43. The main budget movements include a notable reduction in employers' pension contributions by £0.257 million. This has arisen following the Strathclyde Pension Fund's decision to reduce employer pension contributions from 19.3% to 6.5% for 2024/25 and 2025/26. The rate will then increase to 17.5% in 2026/27. Additionally, there is an anticipated increase in staff costs of £0.154 million due to an assumed 3% pay award. This assumption is in line with other local authorities in Scotland and covers increments and contributions towards national insurance and employer pension contributions. Despite these shifts, the total revenue requisitions from East, North and South Ayrshire Councils to the Board will be maintained for 2024/25. This freeze is part of a strategic decision not to increase the requisitions, relying instead on a planned draw from reserves to balance the budget.

44. Members monitor the Board's budget position through the budget monitoring reports presented to each meeting of the 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.

There remain difficulties with staff recruitment.

45. Employee costs comprise the greater part of the Board's annual expenditure (79% of gross expenditure in 2023/24). This should dictate that the Board adopts a strategic approach to workforce and succession planning and that this should be closely related to the Board's other corporate strategies.

46. The Board has recognised the need for a longer-term strategic approach to its workforce and established a workforce plan covering 2021-2024. 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 objectives. An update to the workforce plan will be considered by the Board in September 2024.

47. The Board will see an increase in its workload over the coming years. This includes preparations for the first triennial non-domestic rating revaluation in 2026 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.

48. 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 Board has advertised and recruited for a number of roles during 2023/24, but the competitive labour market has meant that a number of vacancies still exists.

49. There have been significant underspends in employee costs over the past few years. Whilst we recognise the labour market in which the 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 Board's, performance, or its ability to deliver its services and objectives in a sustainable way.

50. At each meeting of the 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 Board.

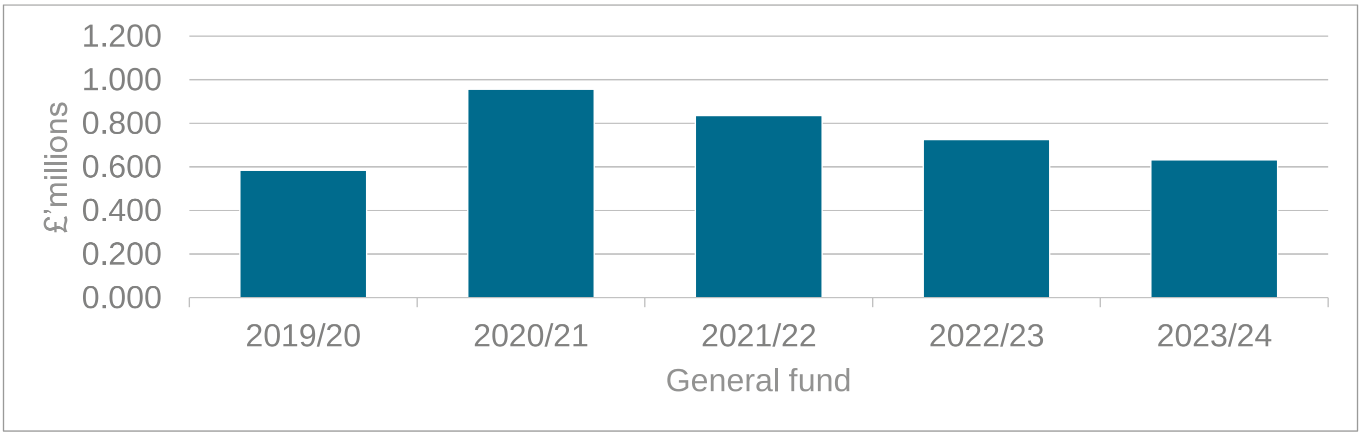
51. Having a well-structured and measurable workforce plan will help ensure the Board meets the demands placed on it by its stakeholders over the coming years and allow it to deliver on its Corporate Plan objectives.

The level of reserve held by the Board are in line with its strategy.

52. As at 31 March 2024 the Board's general fund stands at £0.632 million (31 March 2023: £0.725 million). Exhibit 4 provides an analysis of the Board's general fund over the last five years.

Exhibit 4

Analysis of general fund 2019/20 to 2023/24



Source: Ayrshire VJB audited Annual Accounts

53. As detailed in the March 2023 CIPFA Bulletin 13 Local Authority Reserves and Balances, there is no prescribed level of reserves, but the Treasurer has a responsibility to advise the Board on the creation and levels of reserves that are appropriate to its circumstances. Reserves balances can be held for three main purposes:

- **Working balance:** To help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.

- **Contingency:** To cushion the impact of unexpected events or emergencies.

- **Known requirements:** To build up funds to meet known or predicted requirements.

54. As part of its 2024/25 budget setting the Board considered its projected reserves position between 2023/24 to 2025/26. At the March 2024 meeting, members agreed to set a level of uncommitted reserves between at least 3% to 4% of annual net expenditure. The uncommitted reserves as a percentage of net expenditure were projected to be 10% for 2024/25. The closing 2023/24 general fund position of £0.632 million, as reported in the Annual Accounts equates to 22% of the agreed 2024/25 budget. After deducting the planned use of £0.294 million of reserves per the 2024/25 agreed budget, the level is at 12%. As detailed in paragraph 55 to 57 the Board has reviewed its funding and reserves position for 2025/26 onwards.

The Board has reviewed its medium-term financial position.

55. In our 2022/23 Annual Audit Report we recommended that "*The Board should develop a medium-term financial plan that takes account of its current financial and workforce environment to ensure it remains financially sustainable and can deliver on the strategic objectives in its Corporate Plan 2021-24.*

56. The Board approved its Financial Planning Strategy for 2024/25 to 2026/27 in January 2024. The Board's proposals have been shared with the Chief Finance Officers from constituent councils, with the strategy aligned to the Board's corporate strategic objectives such as ensuring statutory compliance, achieving Best Value, continuous improvement, and sound governance. The strategy offers a comprehensive approach to financial stewardship, while also acknowledging challenges in staffing. The strategy outlined three distinct scenarios - A, B and C - with varying impacts on reserves and expenditures:

- **Scenario A:** Proposed reducing the core requisitions through savings in employers' superannuation contributions.

- **Scenario B:** Aimed to reduce the core requisitions by the maximum affordable amount.

- **Scenario C:** Maintained the core requisitions at the current level.

57. The Board agreed to adopt option C, which maintains the current requisition level for 2024/25 and allows for a gradual increase in future requisitions to manage the superannuation contribution increase back to 17.5% in 2026/27. This supports the Board's budget planning and will maintain uncommitted reserves in line with the target level of between 3% and 4%. Additionally, this approach will avoid sharp increases in requisition demands from local authorities. Adopting this recommendation is viewed by the Board as the most sustainable approach to its medium-term financial sustainability.

3. Governance arrangements and performance

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

Key messages

The Corporate Plan 2021-24 and Service Plan 2023-2026 provide a clear vision for the Board.

Governance arrangements were effective in 2023/24. The Board's Annual Governance Statement is consistent with the financial statements and complies with applicable guidance.

The Board delivered on its statutory obligations, but its performance was impacted by the further requirements of the Non-Domestic Rates (Scotland) Act 2020 and Elections Act 2022.

The Corporate Plan 2021-24 and Service Plan 2023-2026 provide a clear vision for the Board. These are subject to regular review by Members.

58. The post of Assessor carries a personal liability for the delivery of valuation services. Accordingly, the statutory priorities that must be delivered dictate the priorities of the organisation at any given point in time. The Assessors legislative requirements are factored into both the Board's Corporate and Service Plan's.

59. The Corporate Plan 2021-24 contains five strategic objectives:

- Service delivery in accordance with statutory requirements
- Best Value and improvement
- Sound governance
- Consultation
- Supported and motivated employees

60. Sitting beneath the Corporate Plan is the Service Plan 2023-2026. This presents more detailed information on the operational challenges faced by the Board and is split in four parts:

- Service function
- Core objectives
- Key activities and outcomes
- Performance management

61. The Corporate and Service Plans set out a clear vision for the Board. They are subject to regular review by Members. They were last reviewed in October 2023. The main updates to the plans reflect new legislative changes as a result of the Non-Domestic Rates (Scotland) Act 2020 (and supporting legislation) and the Elections Act 2022 which impact on the workload and responsibilities of the Board.

Governance arrangements were effective in 2023/24. The Board's Annual Governance Statement is consistent with the financial statements and complies with applicable guidance.

62. Each year the Board undertakes an assessment of its governance arrangements against the governance and performance framework (first introduced in May 2016 and subsequently revised in September 2020) linked to its Corporate Plan 2021-2024. At the September 2024 meeting of the Board members reviewed the 2023/24 year-end assessment. The review takes account of the improvements made to governance arrangements over the last year, including the approval of updated standing orders, financial regulations, and a new remote working policy by the Board. The report also contains planned improvement actions for 2024/25.

63. South Ayrshire Council's internal audit function carries out specific audit work on the Board in line with the Support Agreement between the two organisations. Internal audit provides the Board with independent assurance on risk management, internal control, and corporate governance processes.

64. The Chief Internal Auditor's audit annual report concluded that reasonable assurance can be placed on the framework of governance, risk management and control and that adequate controls were in place and operating throughout the Board in 2023/24. This assurance has been disclosed in the Board's Annual Governance Statement.

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

Financial control arrangements operated appropriately during 2023/24.

66. South Ayrshire 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 Board's Annual Accounts.

67. The appointed external auditor of South Ayrshire 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 Board's Annual Accounts.

68. We have reviewed the council's external auditor's findings. Their consideration of the design and implementation of the key controls concluded that the risk of material misstatement was low and a such we consider the risk to the Board's Annual Accounts to also be low.

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

69. The 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.

70. We have reviewed the arrangements in place and concluded that these are appropriate. We are not aware of any specific issues that we need to bring to your attention.

The Board delivered on its statutory obligations, but its performance was impacted by the further requirements of the Non-Domestic Rates (Scotland) Act 2020 and Elections Act 2022.

71. During 2023/24, the Board met all statutory obligations and successfully delivered the requirements of the Non-Domestic Rates (Scotland) Act 2020 and the Elections Act 2022. The further requirements of the 2020 Act added to the Board's workload pressures. This created a number of resourcing challenges for the Board and its performance results for 2023/24 reflect this, particularly in relation to the valuation roll amendments.

72. Scottish Assessors are required to maintain a complete and accurate valuation roll in terms of the Local Government (Scotland) Act 1975 and a complete and accurate council tax valuation list in terms of the Local Government Finance Act 1992. Service performance is measured by standard performance indicators agreed between the Scottish Government and the Scottish Assessors' Association. It is for each Board or Assessor to determine its target, and we have assessed the Board's published data against that of the other Scottish Assessor offices.

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

73. The performance achieved in 2023/24 (exhibit 5) exceeded the Board's own targets as set out in its performance report, being 76% (target 70%) and 86% (target 80%) for within three and six months, respectively.

Valuation roll – amendments to the valuation roll

74. In our 2022/23 Annual Audit Report we noted that in respect of amendments to the valuation roll, the Board's performance was impacted by several new workstreams such as the statutory requirement to deliver Revaluation 2023 in a shortened timescale. Management had been looking at ways to improve performance in 2023/24. This included the prioritisation of workloads and the commitment of additional staff resources to the technical teams and technical support unit.

75. The performance achieved in 2023/24 (exhibit 5) was below the Board's own targets as set out in its performance report, being 40% (target 60%) and 61% (target 75%) for within three and six months, respectively. This is an improvement on previous years, and whilst below its target, should be set in the context of the additional statutory workload the Board was required to undertake in 2023/24.

Exhibit 5
KPI - council tax and valuation roll

	Council Tax			Valuation roll		
Year **Achievement**	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Within 3 months	71%	72%	76%	31%	33%	40%
Within 6 months	93%	94%	86%	55%	62%	61%

Source: AVJB Public Annual Performance Report 2023/24

The Board has in place arrangements to monitor and secure Best Value.

76. We have not undertaken any specific Best Value work in 2023/24. However, based on our findings in this report, we consider that the Board has arrangements in place to secure Best Value. Our view is evidenced through:

- the Board having a clear strategy (Corporate Plan 2021-24) and performance framework.
- its established governance and decision-making arrangements.
- the recognition that strategic priorities must be delivered within the financial and workforce resources available.

77. The Local Government (Scotland) Act 2003 requires each Local Authority to make arrangements for reporting to the public on the performance of its functions. There are arrangements in place for the transparent reporting of performance. The Board's 2023/24 Public Performance Report was considered by Member's in June 2024 with this publicly available on the Board's website.

Appendix 1: Action plan

Follow-up of 2022/23 audit recommendation

Issue	Recommendation	Update on agreed management action / timing
PY1. Medium-term financial planning Based on the 2024/25 budget scenario reported to the Board in March 2023, which assumes no increase in members requestions, reserves would be exhausted by the end of 2024/25. The Board has not changed overall requisition levels since 2020/21, with the 2023/24 budget being the third year of no change. The 2023/24 budget has been balanced through the planned use of £0.334 million of reserves. However, as pay awards and other inflationary pressures continue, there is a need to revisit this position to ensure the Board remains financially sustainability into the medium-term.	The Board should develop a medium-term financial plan that takes account of its current financial and workforce environment to ensure it remains financially sustainable and can deliver on the strategic objectives in its Corporate Plan 2021-24.	**Implemented** The Board approved its Financial Planning Strategy for 2024/25 to 2026/27 in January 2024. See paragraphs 55 to 57.

Ayrshire Valuation Joint Board
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