



# Annual Audit Report

**Dunbartonshire and Argyll & Bute Valuation Joint Board - year ended 31 March 2025**

November 2025

Dunbartonshire and Argyll & Bute Valuation Joint Board  
235 Dunbarton Road  
Clydebank  
G81 4XJ  
18 November 2025

Dear Board Members and Controller of Audit,

**Annual Audit Report – Year ended 31 March 2025**

We are pleased to present our Annual Audit Report for Dunbartonshire and Argyll & Bute Valuation Joint Board for the year ended 31 March 2025. The purpose of this report is to summarise our audit findings and conclusions.

This report has been prepared in accordance with the responsibilities set out within the Audit Scotland's Code of Audit Practice ("the Code"). This report is intended solely for the Board for the purpose of communicating certain matters that, in our professional judgement, are relevant to your oversight of the financial reporting process. Except where required by law or regulation, it should not be used, quoted or made available to any other parties without our prior written consent.

We appreciate the courtesy and co-operation extended to us by Dunbartonshire and Argyll & Bute Valuation Joint Board our audit. We would be happy to discuss the contents of this report, or any other matters regarding our audit, with you in more detail.

Yours faithfully,



Tom Reid  
Audit Director

Forvis Mazars

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This document is to be regarded as confidential to Dunbartonshire and Argyll & Bute Valuation Joint Board. It has been prepared for the sole use of the Board as the committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

# 01

Executive Summary

# Executive summary

## Scope

We have been engaged to audit the financial statements of Dunbartonshire and Argyll & Bute Valuation Joint Board (the Board) for the year ended 31 March 2025 which are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

We have conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs'), relevant ethical and professional standards, and the requirements set out in the Audit Scotland's Code of Audit Practice 2021. Our responsibilities and powers are derived from our appointment by the Accounts Commission under the Part VII of the Local Government (Scotland) Act 1973.

## Audit status

Our audit procedures are now complete for the year ended 31 March 2025.

## Areas of focus and audit approach, and significant findings

We did not make any changes to our initial risk assessment and planned audit approach that was communicated to the Board in our Annual Audit Plan.

Our significant risks and other areas of focus are set out in the '*Audit approach and risk summary*' section, with a summary of our audit approach over those areas. Significant findings from our audit are set out in the '*Significant findings*' section.

## Significant control deficiencies

We did not identify any significant deficiencies in internal control. The non-significant control observations that we have identified to date are set out in '*Appendix A: Internal control conclusions*'. We have not identified any non-significant control observations to date.

## Audit misstatements

A summary of the adjusted and unadjusted misstatements above our reporting threshold we have identified to date is set out in the '*Summary of misstatements*' section.

## Executive summary (continued)

### Audit opinion

We issued an unqualified opinion, without modification, as set out in Appendix C.

### Wider scope

We have reported a significant wider scope risk in relation to the financial sustainability arrangements that the Board has in place. Further details have been provided in Section 7 of this report.

### Best Value

We had no risks in arrangements to report in relation to the arrangements that the Board has in place to secure economy, efficiency and effectiveness in its use of resources. Further details have been provided in Section 8 of this report.

### Wider reporting powers

Section 101 of the Local Government (Scotland) Act 1973 requires us to give any person interested, the opportunity to question us about the accounting records of the Board and to consider any objection made to the accounts. No such correspondence from local electors has been received.

### Management Commentary and Annual Governance Statement opinion

We had no matters to report in respect of the Management Commentary or the Annual Governance Statement preparation as it is consistent with the financial statements and has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003 and Delivering Good Governance in Local Government Framework 2016. Our proposed Management Commentary and Annual Governance Statement opinion is included in the draft auditor's report in Appendix C.

### Matters on which we report by exception

We are required by the Accounts Commission for Scotland to report to you if, during the course of our audit, we have found that adequate accounting records have not been kept; the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or we have not received all the information and explanations we require for our audit. We have nothing to report in respect of these matters.

### Other information

We are required to report on whether the other information (comprising of the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited parts of the Remuneration and Staff Report), is materially inconsistent with the financial statements; is materially inconsistent with our knowledge obtained in the course of the audit; or is materially misstated. No inconsistencies have been identified and we issued an unmodified opinion in this respect.

# Executive summary (continued)

## Qualitative aspects of the Board's accounting practices

We have reviewed Dunbartonshire and Argyll & Bute Valuation Joint Board's accounting policies and disclosures and conclude that they comply with the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, appropriately tailored to the Board's circumstances.

IFRS 16 - Leases became applicable for local authorities from 1 April 2024, replacing the previous IAS 17 standard. Through discussion with management, we have confirmed that all of the Board's leases within the scope of IFRS 16 meet either the low value or short lease term exemption criteria which means that the revised standard does not need to be applied.

Draft accounts were received from the Board on 27 June 2025 and were of a good quality.

## Significant matters discussed with management

During our audit, we did not discuss any significant matters with management.

## Significant difficulties during the audit

We encountered no significant difficulties during our audit and had no significant disagreements with management. There was effective co-operation and communication between Forvis Mazars, management, and the Board during our audit. All requested information and explanations were provided to us.

Other matters we are required by ISA (UK) 260 *Communication with Those Charged with Governance* to communicate to you have been set out in Appendix E.

# 02

Status of our audit



## Status of our audit

We have completed our work and there are no matters of which we are aware that would require a modification of our audit opinion.

# 03

Audit approach and risk summary

## Audit approach and risk summary

### Changes to our audit approach

There have been no changes to the audit approach we communicated in our Annual Audit Plan, issued on 6 May 2025.

### Materiality

Our provisional materiality at the planning stage of our audit was set at £53,700 using a benchmark of 1.75% of gross revenue expenditure as per the Annual Audit Plan (provisional performance materiality: £37,590; and provisional clearly trivial threshold: £1,610). These figures were based on the benchmark as included within the unaudited 2023/24 accounts as the unaudited 2024/25 accounts had not yet been published at the time that our Annual Audit Plan was drafted.

Since receipt of the unaudited 2024/25 accounts, we have revised our materiality calculations. The benchmark continues to be 1.75% of gross revenue expenditure, leading to overall materiality of £60,800, performance materiality of £42,500 and a clearly trivial threshold of £1,820.

We reduced the benchmark percentage from 2.00% in 2023/24 to 1.75% in 2024/25. This was due to the Board's expectation that it will exhaust its entire usable reserves balance during the 2025/26 financial year (further details are included in Section 7), which increases the risk profile of the Board. Based on the relatively non-complex nature of the Board as an entity and the limited extent of errors identified during the current year and prior year, we maintained performance materiality at a level equivalent to 70% of overall materiality.

## Audit approach and risk summary (continued)

Significant risks	Fraud risk	Judgement	Error	Substantive audit procedures	Tests of controls	Misstatements identified	Control recommendations	Conclusion
Management override of controls	Yes	No	No	Yes	No	No	No	Risk satisfactorily addressed
Valuation of property, plant and equipment	No	Yes	Yes	Yes	No	No	No	Risk satisfactorily addressed
Valuation of defined benefit pension liability	No	Yes	Yes	Yes	No	Yes	No	Risk satisfactorily addressed

Significant findings

# Significant findings

The significant findings from our audit include our conclusions regarding the significant risks we identified and other key areas of judgement, which are set out in this section.

## Significant risks

### Management override of controls

#### Description of the risk

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

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#### How we addressed this risk

We addressed this risk by:

- reviewing the key areas within the financial statements where management has used judgement and estimation techniques and considering whether there is evidence of management bias;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements;
- testing journals that meet our fraud risk factors; and
- considering and testing any significant transactions outside the normal course of business or otherwise unusual.

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#### Audit conclusion

Based on the results of our testing, there are no significant issues to bring to your attention.

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# Significant findings

## Significant risks

### Valuation of property, plant and equipment

#### Description of the risk

The Board held land and buildings with a net book value of £0.675m as at 31 March 2024 (as per the 2023/24 unaudited annual accounts). The Board has adopted a rolling revaluation model, with an external valuer carrying out valuations of land and buildings on a five-year cycle. This may result in individual assets not being revalued for several years. This creates a risk that the carrying value of those assets that have not been revalued in-year is materially different from their current value.

Valuations are based on specialist assumptions and even small changes in these assumptions can lead to material changes in valuation. Due to the high degree of estimation uncertainty associated with the valuation of property, plant and equipment, we have determined that there is a significant risk in this area.

#### How we addressed this risk

We have evaluated the design and implementation of any controls which mitigate the risk. This includes liaising with management to update our understanding on the approach taken by the Board in its valuation of land and buildings. We have:

- challenged management as to whether they have considered movements in the valuation of any assets which have not been formally revalued during the year.

In our Annual Audit Plan, we indicated that we would carry out the following procedures:

- assessed the scope and terms of engagement with the Valuer;
- assessed the competence, skills and objectivity of the Valuer;
- assessed how management use the Valuer's report to value land and buildings included in the financial statements;
- tested the accuracy of the data used in valuations;
- challenged management and Valuer's assumptions and judgements applied in the valuations;
- reviewed valuation methodology used, including the appropriateness of the valuation basis; and
- considered the reasonableness of the valuation by comparing the valuation output with market intelligence.

However, as none of the Board's assets were formally revalued during the year, these procedures have not been required.

#### Audit conclusion

Based on the results of our testing, there are no significant issues to bring to your attention.



# Significant findings

## Significant risks

### Valuation of the net defined benefit pension liability

#### Description of the risk

The Valuation Joint Board had a net pension liability of £0.175 million as at 31 March 2024 (as per the 2023/24 unaudited accounts). Estimation of the net pension asset or liability depends on several complex judgements which are sensitive to changes. These include the discount rate used, the rate at which salaries are predicted to increase, inflation rates and life expectancy. Due to the high degree of estimation uncertainty associated with the valuations, we have determined there is a significant risk in this area.

#### How we addressed this risk

We addressed this risk by reviewing the controls that the Board has in place over the information sent to the Scheme Actuary by the fund administrators (Strathclyde Pension Fund).

We have also:

- assessed the skill, competence and experience of the Scheme Actuary;
- challenged the reasonableness of the assumptions used by the actuary as part of the annual IAS 19 valuation;
- carried out a range of substantive procedures on relevant information and cash flows used by the actuary as part of the annual IAS 19 valuation.

#### Audit conclusion

Following the correction of disclosure misstatements by management, details of which are outlined in Section 6, we have not identified any further significant issues to bring to your attention.



## Significant findings (continued)

### Wider responsibilities – statutory reporting

The 1973 Act allows any persons interested to inspect the accounts to be audited and the underlying accounting records of the Board. The Act also allows any persons interested to object to the accounts. No such objections have been raised.

We are required to notify the Controller of Audit when circumstances indicate that a statutory report may be required.

- Section 102(1) of the 1973 Act allows us to prepare a report to the Commission about the Board's accounts; matters that have arisen during the audit that should be brought to the attention of the public; or the performance of the Board in their duties relating to Best Value and community planning. No such reports have been prepared.
- Section 102(3) of the 1973 Act allows us to make a special report to the Commission if an item of account is contrary to law; there has been a failure on someone's part to bring into account a sum which ought to have been brought into account; a loss has been incurred or deficiency caused by the negligence or misconduct of a person, or by the failure of a body to carry out a duty imposed on them by any enactment; or a sum which ought to have been credited or debited to one account of a body has been credited or debited to another account and the body has not taken, or is not taking, steps to remedy the matter. No such reports have been prepared.
- Section 97A of the 1973 Act allows us to undertake or promote comparative and other studies to make and publish recommendations for the securing by local government bodies of Best Value, improving economy, efficiency and effectiveness in the provision of services by local government bodies and improving the financial or other management of local government bodies. No such recommendations have been prepared.

# 05

Summary of misstatements

## Summary of misstatements

### Adjusted misstatements

The misstatements in the table below have been adjusted by management. We report all individual misstatements above our reporting threshold that we identify during our audit and which management had adjusted and any other misstatements we believe the Board should be made aware of.

Details of adjustment	Nature	CIES		Balance Sheet	
		Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr Short-Term Creditors Cr Short-Term Debtors  <b>Derecognition of civil penalties</b> During the audit, the client proposed an adjustment to derecognise the value of civil penalties to remove both the receivable element from business ratepayers who have been issued with penalty charge notices and the payable element which represented the Board's obligation to reimburse the value of penalties collected to the Scottish Government. Through audit work performed, we have satisfied ourselves over the reasonableness of this adjustment.	Factual			3,305	-3,305
Dr Short-Term Creditors Cr Government Grants/Usable Reserves  <b>Recognition of additional New Burdens Grant funding</b> During the audit, the client proposed an adjustment to recognise additional income to offset costs incurred in relation to the implementation of voter identification. Through audit work performed, we have satisfied ourselves over the reasonableness of this adjustment.	Factual		-62	62	
<b>Aggregate effect of adjusted misstatements</b>		-	-62	3,367	-3,305

# Summary of misstatements

## Unadjusted misstatements

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in Annual Audit Plan issued on 6 May 2025. Any subsequent changes to those figures are set out in the ‘*Audit Approach and Risk Summary*’ section of this report.

We identified the following misstatement above our reporting threshold, or that we deem to be material by nature, as at the date of this report which were not adjusted.

Details of adjustment	Nature	CIES		Balance Sheet	
		Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
<div>Dr Employee Costs</div> <div>Cr Short-Term Debtors</div> <div> <b>Understatement of pensions-related employee costs</b> <p>During the audit, the audit team identified an error in the posting of the journal to replace employer pension contributions paid during the year with the current service cost required to be recognised in accordance with the IAS 19 accounting standard, leading to an employee costs being understated by £4k and short-term debtors being overstated by £4k.</p> </div>	Factual	4			-4
Aggregate effect of unadjusted misstatements		4	-	-	-4

## Summary of misstatements (continued)

### Disclosure misstatements

We identified the following disclosure misstatements during our audit that have been corrected by management:

- Within the Cash Flow Statement, the 'Interest Received' line was incorrectly misclassified within the 'Financing Activities' section when it should have been classified within the 'Operating Activities' section.
- Amendments have been made to several disclosures within Note 10 – Defined Benefit Pension Schemes after the Board obtained a revised version of its actuarial report which reflected actual cash flows and asset values confirmed following the year end, rather than estimated cash flows and asset values adopted by the actuary in the initial version of their report.
- Additional narrative has been added to Note 10 – Defined Benefit Pension Schemes in relation to the potential impact of the Virgin Media Limited v NTL Pension Trustees II Limited High Court ruling on the Local Government Pension Scheme.
- Errors were present within the disclosures around the VJB's defined benefit pension asset ceiling, including the disclosure of the in-year change in the impact of the asset ceiling.
- Note 14 – Agency Services has been added in as a new note to provide narrative in relation to civil penalties following their derecognition from the Balance Sheet as an adjustment during the audit (see previous slide).
- Within the Remuneration Report, the salary banding of a member of senior management was misclassified. It has been amended from the £115,000-£119,999 banding to the £120,000-£124,999 banding.
- Where errors have been identified, changes have been made in all relevant parts of and notes to financial statements to ensure consistency.
- Minor casting and presentational issues throughout the annual accounts have been communicated to management and corrected.

We have obtained written representations confirming that, after considering the unadjusted disclosure misstatements, both individually and in aggregate, in the context of the annual report and financial statements taken as a whole, no adjustments are required.

# 06

Fraud considerations

# Fraud considerations

We have a responsibility to plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error.

## Your responsibilities

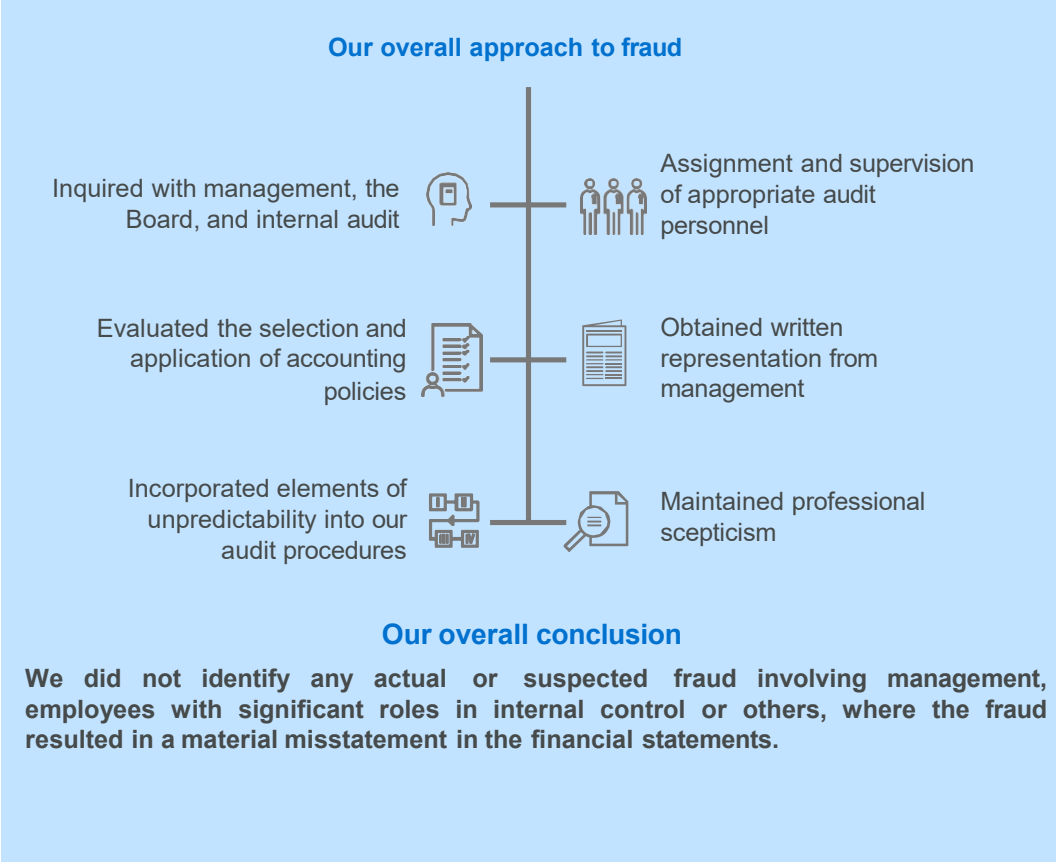
Management has primary responsibility for the prevention and detection of fraud. It is important that management, with your oversight, place a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behaviour which is reinforced by your active oversight.

## Our responsibilities

We have a responsibility for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in a misstatement is intentional or unintentional. Two types of intentional misstatements are relevant to us – misstatements resulting from fraudulent financial reporting, and misstatements resulting from the misappropriation of assets.

## ISA presumed fraud risks

As set out in the ‘Audit approach and risk summary’ section, the risk of fraud in management override of controls were identified as significant risks.



# 07

Wider Scope



Commentary on Wider Scope

Overall Summary



# Commentary on Wider Scope

## Wider Scope summary

As auditors appointed by the Accounts Commission, our wider scope responsibilities are set out in the Code of Audit Practice 2021 and sits alongside Best Value requirements detailed in the Local Government (Scotland) Act 1973. The Code requirements broaden the scope of the 2024/25 audit and allow us to use a risk-based approach to report on our consideration of the Board's performance of best value and community planning duties and make recommendations for improvement and, where appropriate, conclude on the Board's performance.

The Code's Wider Scope framework is categorised into four areas:



- financial management;
- financial sustainability;
- vision, leadership and governance; and
- use of resources to improve outcomes.

The Code of Audit Practice permits an alternative audit approach where an audited body is considered less complex due its size and limited financial activity. In the Annual Audit Plan, we documented our judgement that the Board is a less complex body. We have reviewed this assessment and confirmed that it remains appropriate. We therefore restricted our wider scope work to:

- concluding on the financial sustainability of the Board and the services that it delivers in the medium to longer term; and
- a review of the Annual Governance Statement

## Overall summary by reporting criteria

Following the conclusion of our audit work, we have the following conclusions:

Reporting criteria		Identified risks?	Actual risks identified?	Other recommendations made?
	Financial sustainability	Yes	Yes	Yes
	Annual Governance Statement	No	No	No

# Commentary on Wider Scope

## Financial sustainability

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.



## Commentary on Wider Scope

### Overall commentary on the financial sustainability reporting criteria

The Board approved an updated long term financial strategy (LTFS) in March 2025. The purpose of the strategy is to provide the Board with early sight of financial and other pressures to allow it to better plan for longer term financial issues. The Board uses its long-term strategy with scenario planning, budget monitoring, and internal audit to identify risks to financial sustainability. However, the effectiveness of these arrangements is limited, especially in the medium to long term, by pressures beyond the Board's control.

The LTFS outlines a series of future challenges relating to the Board's responsibilities. This includes upcoming change to the frequency of business rates revaluations from five to three-yearly. The Board plans to make efficiencies through improved IT systems, and workforce plan and service delivery reviews, but these are at an early stage. The current arrangements, while proactive, may not be fully adequate given the extent of the projected deficits. A combination of increased funding and concrete plans for service efficiencies is likely be required to ensure the Board's long-term financial sustainability.

In setting a balanced budget for the 2025/26 financial year, the Board planned for use of its entire indicative reserves balance as at 31 March 2025 of £0.411m. This would result in the Board's reserves balance dropping to nil, below the prudential threshold assessed by management as £0.100m. In addition, the Board forecasted budget gaps of £0.650m for 2026/27 and £0.744m for 2027/28. The Board intends to seek increased contributions from constituent authorities and is lobbying for Government funding. Increased contributions have been secured from one of the three constituent authorities (Argyll & Bute Council), but agreement is still to be reached with the other two authorities (West Dunbartonshire Council and East Dunbartonshire Council).



## Financial sustainability

### Significant risks

We have outlined below the significant risks in arrangements that we have identified as part of our continuous planning procedures, and the work undertaken to respond to each of those risks.

	Significant Risk in Arrangements Identified	Work undertaken
1	<p><b>Financial sustainability – unfunded medium-term budget gaps</b></p> <p>The Board has agreed to use all its remaining reserves to balance its 2025/26 budget. This would breach its prudential threshold to hold minimum reserves of £0.100m.</p> <p>The Board is forecasting budget gaps of £0.650m for 2026/27 and £0.744m for 2027/28. It has relied on reserves in previous years to achieve balanced budgets but will be unable to do so after 2025/26 under its current assumptions.</p> <p>Management is engaging with the three constituent authorities to try to agree an increase in their future annual contributions to relieve forecast budget pressures. Officers have indicated that if this is unsuccessful the Board is likely to need to reduce staffing to a level that would mean it could not fulfil its statutory duties.</p> <p>There is a risk of a significant weakness in the Board's arrangements for securing financial sustainability due to its planned use of reserves and the possibility that it may be unable to secure additional contributions from its constituent authorities.</p>	<p><b>Work undertaken</b></p> <p>We have engaged with management to obtain a detailed understanding of the process for negotiating increases in contributions from the constituent authorities.</p> <p>We have monitored developments in negotiations with the constituent authorities and assess the impact on the Board's forecast financial position.</p> <p>We have reviewed the progress made by the Board in achieving savings agreed within its latest Long Term Finance Strategy.</p> <p>We have reviewed other assumptions within the Board's short and medium-term financial forecasts to determine whether they are appropriate and comprehensive.</p>

## Financial sustainability

### Significant risks (continued)

#### Results of the work undertaken

The Assessor met with the Chief Finance Officers of the three constituent authorities in August 2025 to discuss the Board's financial position. This did not result in a material update to constituent authority contributions. A further meeting is scheduled to take place during November 2025 to discuss the Board's financial position and potential additional funding requirements.

The Board's unaudited 2024/25 financial statements presented to the Board on 20 June 2025 reported a net deficit for the year of £342k, which represented a favourable variance against budget of £135k. This was principally driven by £195k of savings on employee costs due to lower average salaries for new recruits and £145k of savings on expenditure on supplies and services due to delayed upgrades to IT systems. These savings were offset by the value of grant funding from the Ministry of Housing, Communities and Local Government (MHCLG) recognised being £184k less than forecast. The favourable variance achieved on employee costs represents the continuation of a trend over multiple years, with equivalent favourable variances of £80k during 2023/24 and £140k in 2022/23.

Management's latest budgetary control report reflects actual spend up until 30 September 2025 and includes revised forecast outturns for the 2025/26 financial year, suggesting that the net revenue transfer from reserves will be £338k in comparison with the budgeted transfer of £412k, which is driven by continued savings in employee costs. This revised forecast would still result in the Board's usable reserves balance falling below the £100k prudential reserves threshold set out by management.

Despite its improved financial position, the Board continues to face significant risk and uncertainty associated with negotiations for increased contributions from the constituent authorities. Without additional funding or the identification of substantial savings, it is unclear how management will bridge the forecast 2026/27 and 2027/28 budget gaps of £650k and £744k respectively.

## Financial sustainability (continued)

### Identified risks in financial sustainability arrangements and recommendations for improvement

As a result of our work we have identified risks in the Board's financial sustainability arrangements. These identified risks have been outlined in the table below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action; see Appendix F further details.

	Financial sustainability significant risks identified	Recommendation for improvement	Board's response and implementation timescale
1	<p><b>Financial sustainability – unfunded medium-term budget gaps (Level 1)</b></p> <p>The Board does not currently have firm plans to fund its short-to-medium term budget gap, representing a significant risk to its financial sustainability.</p> <p>Despite its improved financial position, the Board continues to face significant risk and uncertainty associated with negotiations for increased contributions from the constituent authorities.</p> <p>Without additional funding or the identification of substantial savings, it is unclear how management will bridge the forecast 2026/27 and 2027/28 budget gaps of £650k and £744k respectively.</p>	<ul style="list-style-type: none"> <li>- Management should continue to engage with the constituent Councils to agree firm funding settlements for the medium to longer-term.</li> <li>- Management should identify potential savings and efficiencies to help address the currently unfunded budget gap.</li> <li>- Management should review its assumptions in budgeting for staff costs to ensure they are realistic and reduce the risk that there are significant variances in comparison with actuals.</li> </ul>	<p><b>Management's response</b></p> <p>Officers of the Board will continue to engage directly with officers of the three constituent councils in order to ensure they are fully apprised of the financial situation of the Board.</p> <p>Work is being undertaken on reviewing property options for the Clydebank office. This has potential to make ongoing revenue savings in the region of £0.1m per annum, although with associated costs of moving, these are unlikely to be realised until 2027/28.</p> <p>Officers of the Board will continue to present to the Joint Board, at the agreed intervals, the Board's Service Plan and the resultant Workforce Plan for Board approval. Should the Board not approve these, then options will be considered and costed for approval by the Board. Once approved, these documents inform the Board's Long Term Financial Strategy, and in turn the calculation of the Estimates of annual revenue and capital expenditure which are presented to the Board each year in March by the Treasurer.</p> <p>It is then for the Board to approve those estimates, and determine the split of the total requisition to each constituent council.</p> <p><b>Responsible Officer:</b> Chief Assessor</p> <p><b>Implementation Date:</b> March 2026</p>

# Commentary on Wider Scope

## Annual Governance Statement

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





## Annual Governance Statement

### Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
Annual Governance Statement	<p>We confirmed that the Annual Governance Statement:</p> <ul style="list-style-type: none"><li>• is consistent with the financial statements;</li><li>• is prepared in accordance with the CIPFA/SOLACE guidance : Delivering Good Governance in Local Government Framework (2016);</li><li>• is consistent with our knowledge obtained through the audit;</li><li>• does not contain any misleading information.</li></ul>	<p>The Board has amended the Annual Governance Statement to ensure compliance with the CIPFA/SOLACE guidance : Delivering Good Governance in Local Government Framework (2016).</p>	<p>No significant issues identified.</p>

# 08

Best Value


# Best Value

## Best Value summary

Under the Code of Audit Practice, the audit of Best Value is fully integrated within our annual audit work. We are required to report on how the Board demonstrates and reports that it has Best Value arrangements in place, to secure continuous improvement.

## Overall summary by reporting criteria

Following the conclusion of our audit work, we have the following conclusions:

Reporting criteria		Identified risks?	Actual risks identified?	Other recommendations made?
	Best Value	No	No	No

## 8. Best Value (continued)

### Overall commentary on the Best Value reporting criteria

The Board's arrangements for securing continuous improvement are outlined within its Annual Governance Statement and Public Performance Report (both of which are published on the Board's website) and include:

- Reporting Valuation Roll and council tax key performance information.
- Reviewing the effectiveness of its governance framework and system of internal control on an annual basis and making improvements to controls, governance and risk management.
- Implementing internal audit recommendations.
- Seeking customer feedback and measuring customer satisfaction.
- Operating a complaints procedure.

# Appendices

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- D: Confirmation of our independence
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## Appendix A: Internal control conclusions

### Other deficiencies in internal control

A deficiency in internal control exists if:

- A control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/ or correct potential misstatements in the financial statements; or
- A control that is necessary to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered the Board's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in Appendix A are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported. Our comments in Appendix A should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

This Appendix sets out the internal control observations that we have identified as at the date of this report. These control observations are not, in our view, significant control deficiencies but have been reported to management directly and are included in this report for your information. In our view, there is a need to address the deficiencies in internal control set out in this section to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

### IT audit findings

The Board relies on West Dunbartonshire Council and its IT environment in the Council's capacity as a service organisation. Identified deficiencies in the Council's IT environment which also impact the Board will be reported in the Annual Auditor's Report for the West Dunbartonshire Council audit for the year ended 31 March 2025.

# Appendix A: Internal control conclusions (continued)

## Other deficiencies in internal control

### Inadequacies in process for identifying related parties and related party transactions

#### Description of deficiency

During the preparation of the Annual Accounts, management did not obtain registers of interest from all Board members, which is a key stage in the process of identifying and disclosing related parties and related party transactions.

#### Potential effects

The lack of a formalised process for identifying related party relationships with entities controlled by Board members increases the risk of non-compliance with the Board’s financial reporting framework and may lead to issues with transparency,

#### Recommendation

Management should ensure that registers of interest are obtained from Board members at all three constituent authorities to ensure the completeness of related party disclosures and the identification and disclosure of all related party transactions.

#### Management response

Declarations of interest are a standing item on the Board agenda. Any relevant interests would therefore be disclosed at meetings, recorded in the minutes, and included in the accounts where appropriate. However, management accepts that the process for identifying the VJB’s related parties and related party transactions should be more robust and will work to improve the process for 2025-26 and beyond.

**Responsible Officer:** Treasurer

**Implementation Date:** June 2026

## Appendix B: Draft management representation letter

Tom Reid  
Forvis Mazars  
100 Queen Street  
Glasgow  
G1 3DN

XX November 2025

Dear Tom,

### **Dunbartonshire and Argyll & Bute Valuation Joint Board - Audit for Year Ended 31 March 2025**

This representation letter is provided in connection with your audit of the financial statements of Dunbartonshire and Argyll & Bute Valuation Joint Board ('the Board') for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

### **My responsibility for the financial statements and accounting information**

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by applicable law.

### **My responsibility to provide and disclose relevant information**

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Board you determined it was necessary to contact in order to obtain audit evidence.



## Appendix B: Draft management representation letter (continued)

I confirm as Treasurer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

I confirm that I have identified and clearly labelled any information provided to you as part of the audit that I consider legally privileged.

### **Accounting records**

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Board and committee meetings, have been made available to you.

### **Accounting policies**

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on Board's financial position, financial performance and cash flows.

### **Accounting estimates, including those measured at current value**

I confirm that the methods, significant assumptions and the data used by the Board in making the accounting estimates, including those measured at current value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

### **Contingencies**

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Board have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by applicable law.

## Appendix B: Draft management representation letter (continued)

### **Laws and regulations**

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Board has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

### **Fraud and error**

I acknowledge my responsibility as Treasurer for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Board involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Board's financial statements communicated by employees, former employees, analysts, regulators or others.

### **Related party transactions**

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended applicable law.

I have disclosed to you the identity of the Board's related parties and all related party relationships and transactions of which I am aware.

### **Impairment review**

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

### **Charges on assets**

- All the Board's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

## Appendix B: Draft management representation letter (continued)

### **Future commitments**

The Board has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

### **Subsequent events**

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

### **Impacts of Russian Forces entering Ukraine**

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Board, including the impact of mitigation measures and uncertainties, and that the disclosure in the Management Commentary and the subsequent events note to the financial statements fairly reflects that assessment.

### **Tariffs**

I confirm that I have carried out an assessment of the potential impact of changes in US trade policy in respect of tariffs, including the impact of reciprocal tariffs by other countries, including the impact of mitigation measures and uncertainties, and that the disclosure in the Management Commentary and the subsequent events note to the financial statements fairly reflects that assessment.

### **Going concern**

To the best of my knowledge there is nothing to indicate that the Board will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

### **Annual Governance Statement**

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Board's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

### **Management Commentary**

The disclosures within the Management Commentary fairly reflect my understanding of the Board's financial and operating performance over the period covered by the financial statements.

## Appendix B: Draft management representation letter (continued)

### **Unadjusted misstatements**

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix.

Yours faithfully,

Laurence Slavin

Treasurer

XX November 2025

## Appendix C: Draft audit report

### **Independent auditor's report to the members of Dunbartonshire and Argyll & Bute Valuation Joint Board and the Accounts Commission**

#### **Report on the audit of the financial statements**

##### **Opinion on the financial statements**

We certify that we have audited the financial statements in the annual accounts of Dunbartonshire and Argyll & Bute Valuation Joint Board ("the Board") for the year ended 31 March 2025 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the 2024/25 Code).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the Board as at 31 March 2025 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

##### **Basis for opinion**

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Appendix C: Draft audit report (continued)

### **Conclusions relating to going concern basis of accounting**

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the Board's current or future financial sustainability. However, we report on the Board's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland Website](#).

### **Risks of material misstatement**

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

### **Responsibilities of the Treasurer and the Board for the financial statements**

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of financial statements, that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing each year the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the Board's operations.

The Board is responsible for overseeing the financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

## Appendix C: Draft audit report (continued)

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

- using our understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the Board;
- inquiring of the Treasurer to other laws or regulations that may be expected to have a fundamental effect on the operations of the Board;
- inquiring of the Treasurer confirming the Board's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Reporting on other requirements**

#### **Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report**

We have audited the parts of the Remuneration Report described as audited. In our opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

#### **Other information**

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

## Appendix C: Draft audit report (continued)

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

### **Matters on which we are required to report by exception**

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

In addition to our responsibilities for the annual accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in our Annual Audit Report.



## Appendix C: Draft audit report (continued)

### **Use of our report**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

[Signature]

Tom Reid, Director  
For and on behalf of Forvis Mazars LLP

Forvis Mazars LLP

100 Queen Street

Glasgow

G1 3DN

XX November 2025

## Appendix D: Confirmation of our independence

We communicate any matters which we believe may have a bearing on the independence or the objectivity of Forvis Mazars LLP and the audit team. As part of our ongoing risk assessment, we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We confirm that no new threats to independence have been identified since issuing our Annual Audit Plan and therefore we remain independent.

# Appendix D: Confirmation of our independence (continued)

## Fees for work as the Board's auditor





We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Annual Audit Plan presented to the Board in June 2025. Having substantially completed work for the 2024/25 financial year, we can confirm that our fees are as follows:

Area of work	2024-25 Fees	2023-24 Fees
Auditor remuneration	£21,830	£20,950
Pooled costs	£550	£760
Contribution to PABV costs	£0	£0
Audit support costs	£0	£0
Sectoral cap adjustment	(£12,880)	(£12,390)
Additional fee for review and testing of Clydebank Office revaluation	£0	£454
Additional fees for review and consultation on civil penalties accounting treatment	£490	£0
Total fees	£9,990	£9,774



## Fees for other work

We confirm that we have not undertaken any non-audit services for the Board during the year.


## Appendix E: Other communications

Other communication	Response
 <b>Compliance with Laws and Regulations</b>	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
 <b>External confirmations</b>	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
 <b>Related parties</b>	<p>We identified a control deficiency in relation to the Board's process for identifying and disclosing related parties and related party transactions. Details can be found in Appendix A.</p> <p>We will obtain written representations from management confirming that:</p> <ul style="list-style-type: none"> <li>a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and</li> <li>b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.</li> </ul>
 <b>Going Concern</b>	<p>We have not identified any evidence to cause us to disagree with the Treasurer that Dunbartonshire and Argyll &amp; Bute Valuation Joint Board will be a going concern, and therefore we have not identified any evidence to cause us to consider that the use of the going concern assumption in preparation of the financial statements is not appropriate.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

## Appendix E: Other communications (continued)

Other communication	Response
 <b>Subsequent events</b>	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
 <b>Matters related to fraud</b>	<p>Our audit was designed to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. Please refer to the section titled '<i>Fraud considerations</i>' for our fraud considerations and conclusion.</p> <p>We will obtain written representations from management and, where appropriate, the Board, confirming that</p> <ol style="list-style-type: none"> <li>they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud;</li> <li>they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud;</li> <li>they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ol style="list-style-type: none"> <li>management;</li> <li>employees who have significant roles in internal control; or</li> <li>others where the fraud could have a material effect on the financial statements; and</li> </ol> </li> <li>they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.</li> </ol>

Appendix E: Other communications (continued)

Other communication	Response
 <b>System of Quality Management</b>	<p>To address the requirements of ISQM (UK) 1, our firm’s System of Quality Management team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on our firm’s System of Quality Management, including:</p> <ul style="list-style-type: none"><li>• Ensuring there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across Leadership</li><li>• Establishing and reviewing quality objectives each year, ensuring ISQM (UK) 1 objectives align with our firm's strategies and priorities</li><li>• Identifying, reviewing, and updating quality risks each quarter, taking into consideration a number of input sources (such as FRC / ICAEW review findings, internal monitoring findings, findings from our firm’s root cause analysis and remediation functions, etc.)</li><li>• Identifying, designing, and implementing responses as part of the process to strengthen our firm's internal control environment and overall quality</li><li>• Evaluating responses and remediating control gaps or deficiencies</li></ul> <p>We perform an evaluation of our system of quality management on an annual basis. Our latest evaluation was performed as of 31 August 2024. Details of that assessment and our conclusion are set out in our 2023/2024 Transparency Report, which is available on our website <a href="#">here</a>.</p>

# Appendix F: Wider Scope and Best Value ratings

We need to gather sufficient evidence to support our commentary on the Board’s arrangements and to identify and report on any risks. We will carry out more detailed work where we identify significant risks. Where significant risks are identified we will report these to the Board and make recommendations for improvement. In addition to local risks, we consider challenges that are impacting the public sector as a whole.

We have assigned priority rankings to each of the risks identified to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. The table below describes the meaning behind each rating that we have awarded to each wider scope area based on the work we have performed.

Rating	Description
Level 1	The identified risk and/or significant deficiency is critical to the business processes or the achievement of business strategic objectives. There is potential for financial loss, damage to reputation or loss of information. The recommendation should be taken into consideration by management immediately.
Level 2	The identified risk and/or significant deficiency may impact on individual objectives or business processes. The audited body should implement the recommendation to strengthen internal controls or enhance business efficiency. The recommendations should be actioned in the near future.
Level 3	The identified risk and/or significant deficiency is an area for improvement or less significant. In our view, the audited body should action the recommendation, but management do not need to prioritise.

## Appendix G: Current year updates, forthcoming accounting & other issues

### Applicable for IFRS Reporters

#### Current and forthcoming accounting issues

#### New standards and amendments

#### Effective for accounting periods beginning on or after 1 January 2023

##### IFRS 17 *Insurance Contracts* (issued May 2017) and Amendments to IFRS 17 *Insurance Contracts* (Issued June 2020)

- IFRS 17 *Insurance Contracts* (IFRS 17) is a new standard that will replace IFRS 4 *Insurance Contracts* (IFRS 4). The standard sets out the principles for the recognition, measurement, presentation and disclosure about insurance contracts issued, and reinsurance contracts held, by entities. The amendments, issued subsequently in June 2020, do not change the fundamental principles of IFRS 17 and are aimed at helping companies implement the standard and make it easier for them to explain their financial performance. The EU has endorsed the adoption of IFRS 17, although with some changes to the version issued by the IASB. In May 2022, the UK Endorsement Board (UKEB) adopted the standard and the associated amendments.

##### Amendments to IFRS 17 *Insurance Contracts*: Initial Application of IFRS 17 and IFRS 9 (Issued December 2021)

- The amendments address potential mismatches between the measurement of financial assets and insurance liabilities in the comparative period because of different transitional requirements in IFRS 9 *Financial Instruments* (IFRS 9) and IFRS 17. The amendments introduce a classification overlay under which a financial asset is permitted to be presented in the comparative period as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset in the comparative period. The classification overlay can be applied on an instrument-by-instrument basis. The amendments have been UK-adopted and endorsed by the EU.

##### Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements: Disclosure of Accounting Policies* (Issued February 2021)

- The amendments set out notable new requirements for accounting policy disclosures that change the requirements for entities to disclose material accounting policy information, rather than significant accounting policies, and not to disclose immaterial accounting policy information, explaining that accounting policy information taken in isolation is unlikely to be material, but it is when the information is considered together with other information in the financial statements that may make it material. Earlier application is permitted. The amendments have been UK-adopted and endorsed by the EU.

##### Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* (Issued February 2021)

- The amendment introduces a new definition for accounting estimates and clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events. Earlier application is permitted. The amendments have been UK-adopted and endorsed by the EU.



## Appendix G: Current year updates, forthcoming accounting & other issues (continued)

### Applicable for IFRS Reporters

#### Current and forthcoming accounting issues (continued)

#### New standards and amendments (continued)

#### Effective for accounting periods beginning on or after 1 January 2023

##### *IFRS 18 Presentation and Disclosure in Financial Statements (Issued April 2024)*

- IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) is a new standard that replaces IAS 1 Presentation of Financial Statements. The new standard aims to increase the comparability, transparency and usefulness of information about companies' financial performance. It introduces three key new requirements focusing on the presentation of information in the statement of profit or loss and enhancing certain guidance on disclosures within the financial statements.

## Contact

### Forvis Mazars

**Tom Reid**

Audit Director

07816 354994

[tom.reid@mazars.co.uk](mailto:tom.reid@mazars.co.uk)

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