

Contents

01 Final report

Engagement Lead Introduction	3
Annual Accounts	
Our audit explained	4
Significant risk	5
Other areas of audit focus	7
Your control environment and findings	9
Our audit report	10
Your Annual Accounts	11
Purpose of our report and responsibility statement	12

02 Wider Scope

Wider scope audit

Overview	14
Financial sustainability	15
Best value	19

Appendices

Audit Adjustments	21
Action plan	24
Our other responsibilities explained	28
Independence and fees	29

Engagement Lead Introduction

The key messages

Introduction

I have pleasure in presenting our report to the Board of the Central Scotland Valuation Joint Board (“CS VJB”) for the 2024/25 audit. The report summarises our findings and conclusions in relation to the audit of the Annual Report and Financial Statements and the wider scope requirements, the scope of which was set out within our planning report presented to the Committee on 27 June 2025.

Conclusions from our testing

Based on our audit work completed to date, we expect to issue an unmodified audit report.

The auditable parts of the Remuneration Report have been tested and no issues have been identified.

Based on the audit procedures performed to date we have identified uncorrected misstatements, please refer to pages [21](#) and [22](#) for further details.

Outstanding matters

Our financial statement audit is substantially complete subject to completion of the following principal matters:

- Internal quality review procedures;
- Review of the updated Annual Report and Financial Statements;
- Review of events since 31 March 2025; and
- Receipt of signed management representation letter.

Conclusions from our testing (continued)

Significant risk

In our planning report we identified management override of controls and cut off and completeness of non-payroll expenditure as significant audit risks, please refer to pages [5](#) and [6](#) for further details regarding our testing.

Wider Scope

Our wider scope conclusions can be viewed on pages [14](#) to [19](#).

Our key wider scope findings are:

- The CS VJB is financially sustainable in the short term due to the CS VJB setting a balanced budget in 2025/26 and delivering a surplus (net contribution) in 2024/25.
- Medium term financial projections show a high level of funding shortfall which exceeds the levels of reserves held. The CS VJB should establish a detailed savings plan that shows how these measures contribute to addressing the funding gap.

Internal Audit

The audit team has reviewed the findings of the Internal Audit team, which has been used to inform our risk assessment. It should however be noted that we have not placed any reliance on the work of Internal Audit during the year.

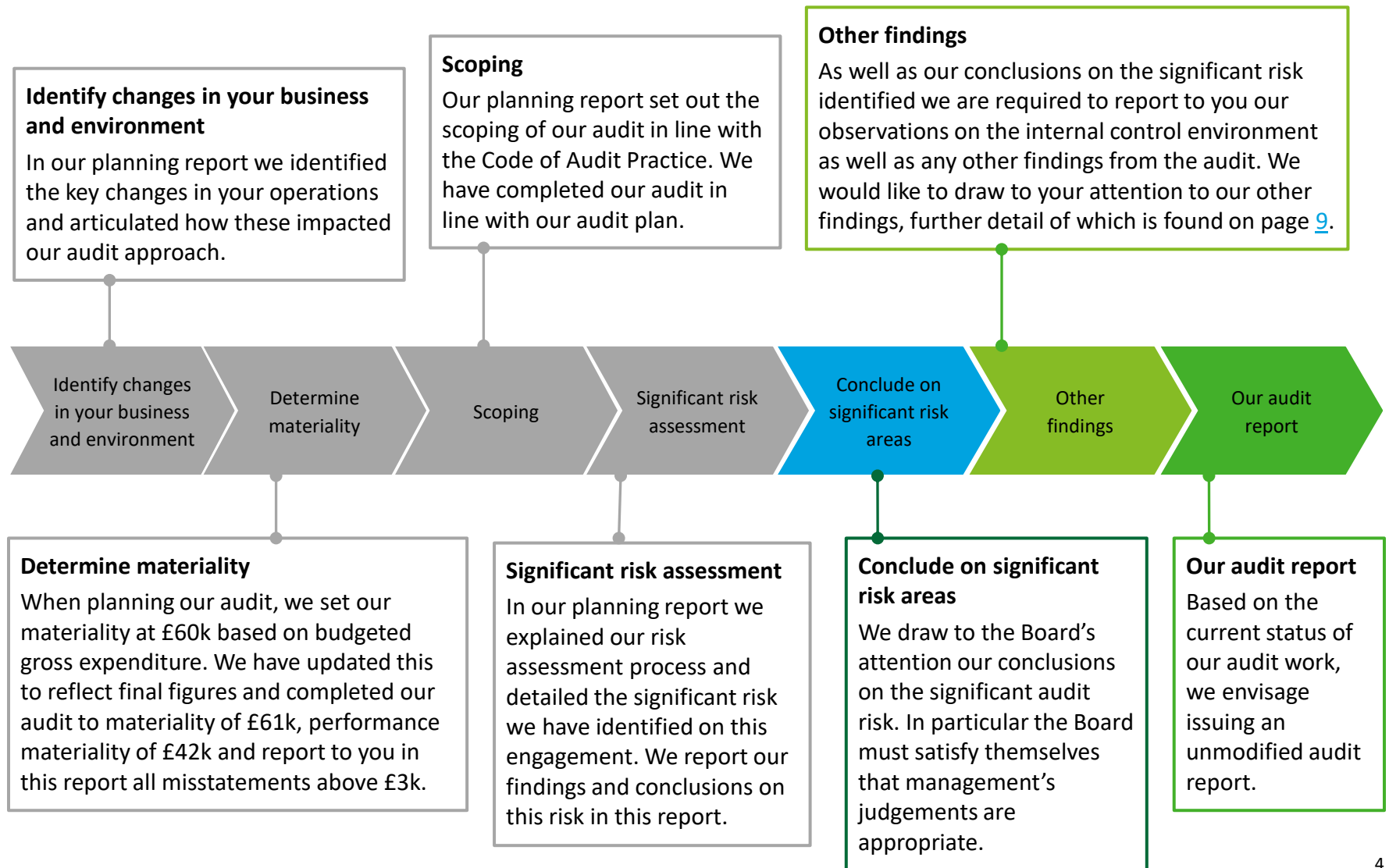
Audit team

I have taken over responsibility from Ian Howse as the Engagement Leader for the audit.

Stuart Kenny
Engagement Leader

Our audit explained

We tailor our audit to your business and your strategy



Significant risk

Management override of controls

Risk identified In accordance with ISA (UK) 240 management override is a significant risk. This risk area includes the potential for management to use their judgement to influence the Annual Report and Accounts as well as the potential to override the CS VJB's controls for specific transactions.

The key judgements in the Annual Report and Accounts are those which we have selected to be the significant audit risks – completeness of non-payroll expenditure and management override of control. These are inherently the areas in which management has the potential to use their judgment to influence the Annual Report and Accounts.

Our response We have performed the following audit procedures in relation to this risk:

- We have considered the overall control environment and 'tone at the top';
- We have reviewed the design and implementation of controls relating to journals and accounting estimates;
- We have made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;
- We have tested the appropriateness of journals and adjustments made in the preparation of the Annual Report and Accounts using our Spotlight data analytics tools to select journals for testing, based on identification of items of potential audit interest;
- We have reviewed accounting estimates for biases that could result in material misstatements due to fraud and perform testing on key accounting estimates as discussed above; and
- We have obtained an understanding of the business rationale of significant transactions that we have become aware of that are outside of the normal course of business for the entity, or that otherwise appear to be unusual, given our understanding of the entity and its environment.

Conclusion We have not identified any instances of management override of controls from our testing to date.

Significant risks (continued)

Cut off and completeness of non-payroll expenditure

Risk identified In accordance with Practice Note 10 (Audit of Annual Accounts of public sector bodies in the United Kingdom), in addition to the presumed risk of fraud in revenue recognition set out in ISA (UK) 240, auditors of public sector bodies should also consider the risk of fraud and error on expenditure. This is on basis that most public bodies are net spending bodies, therefore the risk of material misstatement due to fraud related to expenditure recognition may be greater than the risk of material misstatement due to fraud related to revenue recognition. We have concluded that the risk of fraud in revenue recognition is not a significant risk for the CS VJB as there is little incentive to manipulate revenue recognition with the majority of revenue being from the three contributing Council's which can be agreed to confirmations supplied.

We have therefore considered the risk of fraud and error on expenditure. A large proportion of the CS VJB's expenditure is payroll expenditure which is well forecast and agreed to underlying payroll systems therefore there is less opportunity for the risk of misstatement within this expenditure stream. There remains material non-payroll expenditure where there is a risk around the year end where management may look to alter the financial position in the context of achievement of financial targets and balancing budgets. We have therefore pinpointed our alternative significant fraud risk to cut-off and completeness of the non-payroll expenditure.

Our response We have performed the following audit procedures in relation to this risk:

- Evaluated the design and implementation of controls around monthly monitoring of financial performance and the estimated accruals and prepayments made at the year-end;
- Performed focused testing of a sample of non-payroll accruals and prepayments made at the year end; and
- Performed focused cut-off testing of a sample of invoices received and paid from both March 2025 and April 2025.

Conclusion We have completed the procedures set out above with no issues identified to bring to the attention of the Board.

Other areas of audit focus

IFRS 16

Risk identified IFRS 16 was effective for local government bodies from 1 April 2024 but could be voluntarily adopted from 2022/23. The introduction of IFRS 16 has had a significant impact on the balance sheet and on recorded capital expenditure for the CS VJB. The CS VJB has adopted IFRS 16 from 2024/25 when it became mandatory.

The IFRS 16 disclosures have been included in the Annual Accounts to capture the right of use asset and lease liability which are now recognised on the balance sheet.

Our response We have performed the following audit procedures in relation to this risk:

- Obtained the lease agreement for the office building and verified the key terms of the lease are accurately reflected in the Board's lease calculations;
 - Challenged management's determination of the discount rate, lease term, and residual value used in lease calculations and assessed the reasonableness of these inputs based on supporting documentation;
 - Tested the accuracy of management's right of use asset and lease liability calculations;
 - Tested completeness of leases through review of a sample of contracts entered in the year; and
 - Tested the accuracy and completeness of management's disclosures in line with IFRS 16.
-

Conclusion We have completed the procedures set out above and identified the right of use asset and lease liability were understated by £13k due to the incorrect discount rate being used. This has been amended in the Annual Accounts, and we have no further findings to bring to the attention of the Board

Other areas of audit focus (continued)

Pension liability

Risk identified The CS VJB participates in the Falkirk Pension Fund, administered by Falkirk Council, which is a defined benefit scheme. The net pension asset/liability decreased from a net asset of £1.089m in 2023/24 to a net deficit of £0.329m in 2024/25. The increase was primarily due to the imposition of an asset ceiling of £6.441m during the year. Hymans Robertson LLP, the CS VJB's appointed actuary, provides a comprehensive report outlining the estimated year-end pension liability and associated disclosure requirements. Given its material value and reliance on significant assumptions, the pension liability valuation is an area of audit focus.

Our response We have performed the following audit procedures in relation to this risk:




- Assessed the independence and expertise of the actuary supporting the basis of reliance upon their work;
- Reviewed and challenged the assumptions made by Hymans Robertson LLP, using Deloitte pension specialists to value the net liability, including the assumptions used, the instructions they have been given, and the conduct of the work;
- Obtained assurance from the auditor of the pension fund over the controls for providing accurate data to the actuary;
- Assessed the reasonableness of the entity's share of the total assets of the scheme with the Pension Fund annual accounts;
- Reviewed and challenged the calculation of the impact of the McCloud and Goodwin cases on pension liabilities; and
- Reviewed the disclosures within the accounts against the Code.



Conclusion We have completed the procedures set out above and have identified the following matters:

- CS VJB have included an estimate of £24k for the impact of the Goodwin pension ruling in the financial statements. Our actuarial specialists have estimated the impact on the pension liability to be £17k resulting in a £7k judgmental misstatement.
- There were errors identified by the Pension Fund auditor in the asset information submitted to the actuary by the Pension Fund for the whole Fund. As the CS VJB recognises a share of these assets, we have calculated the CS VJB's share of the error which equates to £25.6k. Due to the pension asset cap this has no net impact on the pension liability.
- The service cost of £375k has been recognised in relation to the pension liability. Based on our independent calculation we would expect a service cost of c.£400k. Therefore, there is a £25k judgmental misstatement. Due to the pension asset cap this has no net impact on the pension liability.

Your control environment and findings

Control deficiencies and areas for management focus

-  Low priority
-  Medium Priority
-  High Priority

Observation	Severity	Deloitte recommendation	Management response and remediation plan
<p>We identified the accounts did not include a cashflow statement or capital financing requirement note and the right of use asset value was not calculated in line with the requirements of the CIPFA code.</p> <p>The omission of the cashflow statement was identified following a change in audit engagement team and a detailed review of the financial statements and challenge of historic judgements. Following an internal technical consultation, it was concluded that a cashflow statement is required.</p>		<p>As part of the accounts preparation a review of draft accounts against the requirements of the CIPFA code should be performed to ensure all required disclosures are included and all accounting treatment meets the requirements of the code.</p>	<p>Please see response on page 24.</p>
<p>In our payroll testing we identified two employees where there was no electronic or paper copy of their employee contracts.</p>		<p>Updated contracts should be issued to employees where no paper or electronic copy exists</p>	<p>Please see response on page 25.</p>

Our audit report

Other matters relating to the form and content of our report

Here we discuss how the results of the audit impact on other significant sections of our audit report.

66
99

Our opinion on the Annual Accounts

Our audit is substantially complete and based on our work to date, we expect, subject to the successful conclusion of the matters raised on page [3](#), that our opinion on the financial statements will be unmodified.



Going concern

We will highlight that the going concern assessment is on the basis of the 'continuing provision of service' approach and will report that we concur with management's use of the going concern basis of accounting.



Emphasis of matter and other matter paragraphs

Our audit is substantially complete and based on our work to date, we do not expect to include any emphasis of matter paragraphs or an other matter paragraph in our opinion.



Other reporting responsibilities

Our opinion on matters prescribed by the Controller of the Audit are discussed further on page [11](#).

Your Annual Accounts

We are required to provide an opinion on the auditable parts of the Remuneration report, the Annual Governance Statement and whether the Management Commentary is consistent with the disclosures in the accounts.

	Requirement	Deloitte response
Management Commentary	The report outlines the CS VJB's performance, both financial and non-financial. It also sets out the key risks and uncertainties faced by the CS VJB.	<p>We have assessed whether the Management Commentary has been prepared in accordance with the statutory guidance.</p> <p>We have also read the Management Commentary to ensure it is materially correct and consistent with our knowledge acquired during the course of performing the audit and is not otherwise misleading.</p> <p>We provided management with comments and suggested changes. We have received a revised report and have concluded all required changes have been made.</p>
The Remuneration Report	The remuneration report is required to be prepared in accordance with the 2014 Regulations, disclosing the remuneration and pension benefits of Senior Employees of the CS VJB.	We have audited the disclosures of remuneration and pension benefits and we can confirm that they have been properly prepared in accordance with the regulations.
The Annual Governance Statement	The Annual Governance Statement reports that the CS VJB's governance arrangements provide assurance, are adequate and are operating effectively.	<p>We have assessed whether the information given in the Annual Governance Statement is consistent with the Annual Accounts and has been prepared in accordance with the Delivering Good Governance in Local Government Framework.</p> <p>We provided management with comments and suggested changes. We have received a revised report and have concluded all required changes have been made.</p>

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Board and the CS VJB discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA (UK) 260 to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of your Annual Accounts;
- Our internal control observations; and
- Other insights we have identified from our audit.

The scope of our work

Our observations are developed in the context of our audit of the Annual Accounts.

We described the scope of our work in our audit plan.

Use of this report

This report has been prepared for the CS VJB, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the CS VJB.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

We welcome the opportunity to discuss our report with you and receive your feedback.



Deloitte LLP

Newcastle upon Tyne | 26 February 2026

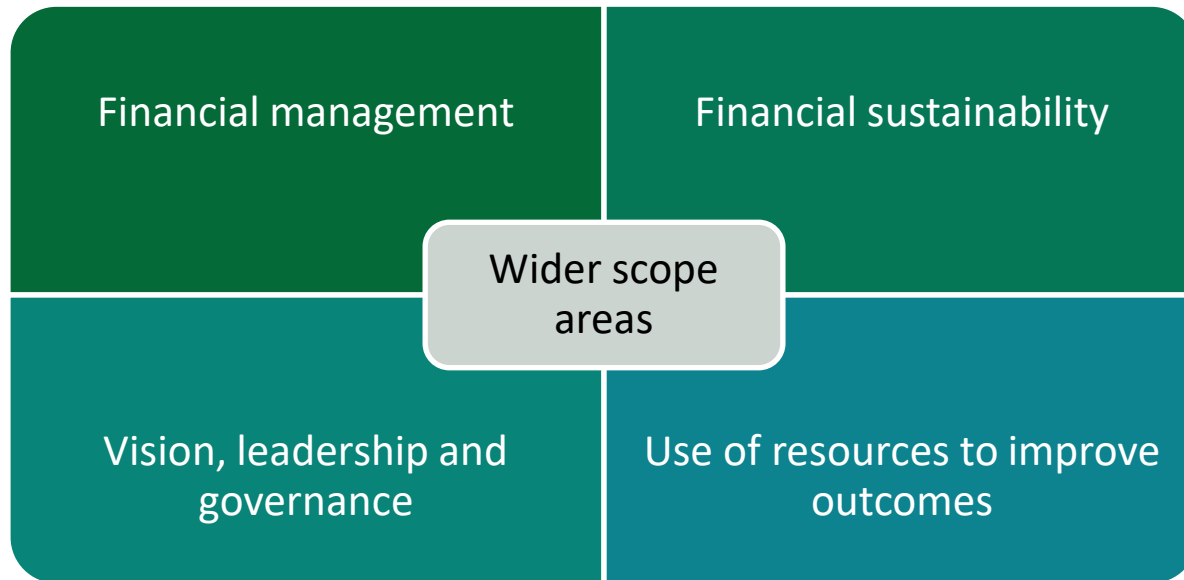
Wider scope audit



Wider scope requirements

Overview

As set out in our audit plan, reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector. The wider scope audit specified by the Code of Audit Practice broadens the audit of the accounts to include consideration of additional aspects or risks in the following areas.



As highlighted in our Audit Plan we concluded that the CS VJB was assessed as “less complex” in accordance with Audit Scotland planning guidance and therefore our wider scope work was limited to assessing the financial sustainability of the CS VJB.

Wider scope requirements

Financial sustainability

Can short-term (current and next year) financial balance be achieved?



Is there a medium and longer-term plan in place?



Is the body planning effectively to continue to deliver its services or the way in which they should be delivered?



Financial Sustainability

Significant risks identified in Audit Plan

There remains a potential risk that robust medium to long term planning arrangements are not in place to ensure that the CS VJB can manage its finances sustainably and deliver services effectively.

2025/26 budget setting

The CS VJB's Net expenditure for 2025/26 is forecasted to be £3.360m and the CS VJB has set a balanced budget for this through a proposed requisition of £3.181m allocated amongst the constituent authorities, and utilisation of £0.179m of uncommitted reserves to meet the funding gap.

The proposed requisition to constituent bodies includes a Barclay Review settlement adjustment of (£0.025m), Barclay Review settlement allocation of (£0.323m) for 2025/26, and an increase of funding from constituent authorities of 3%. Some of the Key potential risks considered by the Board in setting the Budget included:

- *Uncertainty over the level of pay award for 2025/26;*
- *uncertainty over the level of future funding streams from the constituent authorities;*
- *uncertainty over the impact of changes to the Non-Domestic Rating system;*
- *the ability of the Board to retain and recruit qualified staff. The move to three yearly revaluations requires additional staff resources; and*
- *the ability of the Board to make year on year reductions in its net expenditure, or even maintain expenditure at current levels.*

The CS VJB has proposed a budget which reflects an increase in expenditure of £0.192m (6.1%).

This has been driven by salary inflation increases (£0.152m), computer hardware purchases (£0.026m) and computer software maintenance costs (£0.031m). As of 31 October 2025, the CS VJB are forecasting an underspend of £0.043m against the budget.

Wider scope requirements (continued)

Financial sustainability

Reserves

At 31 March 2025, there were £496k usable reserves, with £261k earmarked for specific purposes. This was approved by the Board in February 2025. This includes £179k of funding to support the budget.

Based on the 2025/26 budget that was presented on 28 February 2025, it was projected that there would be total reserves of £431k at 31 March 2025, comprising £264k earmarked reserves and £168k of uncommitted reserves. Earmarked reserves are comprised of:

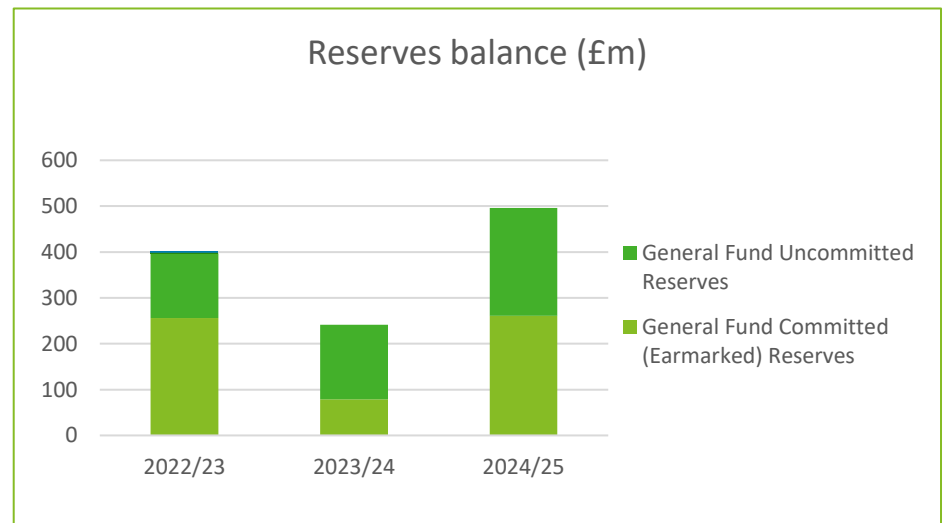
- *Funding to support the 2025/26 shortfall of £179k; and*
- *Underspend on New Burdens funding provided in 2023/24 and 2024/25 of £85k.*

Based upon these commitments and the proposed budget, projected reserves to 31 March 2025 represent an uncommitted reserve level of £168k, which equates to 5% of net expenditure.

When the Board approved the 2025/26 Budget, approval was given to maintain the minimum uncommitted reserve balance at a range of 3% to 6% of budgeted net expenditure to allow for year-on-year flexibility. The 5% level is therefore still within the thresholds of the reserves policy.

At the 2024/25 year-end, the useable reserves has increased to £496k. This results in £235k uncommitted, representing a level of 7% of budgeted net expenditure.

When the Board approved the 2024/25 Budget on 1 March 2024, approval was given to maintain the minimum uncommitted reserve balance at a range of 3% to 6% of budgeted net expenditure to allow for year-on-year flexibility. The actual level of reserves was 7% at 31 March 2025 and falls just above this range due to the 2024/25 financial performance being ahead of budget with a surplus of £255k and will be reviewed during the year by the Board's Treasurer to ensure that this level is prudent to ensure the financial sustainability of the Board.



Wider scope requirements (continued)

Financial sustainability

Medium-to-long term financial planning

Within the 2025/26 budget, the CS VJB have planned for up to 2029/30 showing the cumulative shortfall in the funding gap. This shows that there will be a cumulative funding shortfall over the 5 years totalling £622,040. This funding gap exceeds the current level of reserves held. This gap also assumes that the Barclay Review funding will continue.

The 5 year approach provides a longer-term planning horizon, allowing the CS VJB to align budgetary decisions and provides a more transparent approach to funding requirements and shortfalls.

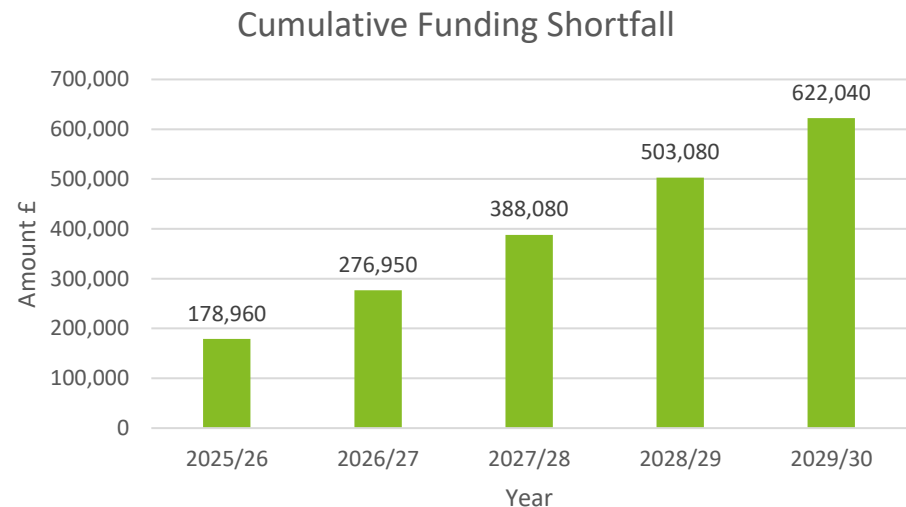
This plan on funding does recognise the risk of economic challenges including:

- that constituent authorities will continue to passport Barclay review funding of £323k;
- Pay inflation at 3% for 2025/26 and future years until 2029/30;
- General demand pressures for new/changes in activity in future years assumed to be offset by savings; and
- Average contract inflation of 3%.

The CS VJB do not have any savings plans and strategies for closing the gap must be identified by the CS VJB. This should form part of the Board's budget setting process.

As part of the Spending Review, the Scottish Government expects public bodies to set an annual efficiency target of 3% and expects them to explore the scope to maximise the use of shared services across the public sector landscape. These savings plans are not explained in detail in the budget.

We therefore recommend that savings plans and plans to attain efficiency targets are included in the next budget.



Wider scope requirements (continued)

Financial sustainability

Deloitte view – Financial sustainability

The CS VJB is financially sustainable in the short term due to the CS VJB setting a balanced budget in 2025/26 and a surplus (net contribution) in 2024/25.

We note that the level of reserves at year end is slightly above the CS VJB's reserves policy. Whilst the CS VJB continues to experience external pressures, it has maintained a stable level of reserves in order to meet any challenges or funding gaps. Measures to address the gaps must be established by the CS VJB, and these should feed into reporting and monitoring.

Medium term financial projections show a high level of funding shortfall which exceeds the levels of reserves held. The CS VJB should establish a detailed savings plan that shows how these measures contribute to addressing the funding gap. This should include a RAG rating against the savings plan to show the likelihood of savings being achieved, where there are risks of non-achievement, implications for both current and future years.

Wider scope requirements (continued)

Best value

Requirements

It is the duty of the CS VJB to secure Best Value as prescribed in Part 1 of the Local Government in Scotland Act 2003. We have a statutory duty to be satisfied that the CS VJB have made proper arrangements for securing BV.

Duty to secure Best Value

1. It is the duty of the CS VJB to make arrangements which secure Best Value.
2. Best Value is continuous improvement in the performance of the CS VJB's functions.
3. In securing Best Value, the CS VJB shall maintain an appropriate balance among:
 - a) The quality of its performance of its functions;
 - b) The cost to the CS VJB of that performance; and
 - c) The cost to persons of any service provided by the CS VJB for them on a wholly or partly rechargeable basis.
4. In maintaining that balance, the CS VJB shall have regard to:
 - a) Efficiency;
 - b) Effectiveness;
 - c) Economy; and
 - d) The need to make the equal opportunity requirements.
5. The CS VJB shall discharge its duties in a way that contributes to the achievement of sustainable development.
6. In measuring the improvement of the performance of the CS VJB's functions, regard shall be had to the extent to which the outcomes of that performance have improved.

Conclusions

The CS VJB has sufficient arrangements in place to secure best value and has a clear understanding of areas that require further development.

Financial sustainability continues to be a risk to the CS VJB. The CS VJB is financially sustainable in the short term however the medium term financial projections show a high level of funding shortfall. The CS VJB should establish a detailed savings plan that shows how these measures contribute to addressing the funding gap.

Appendices



Audit adjustments

Uncorrected misstatements

The following uncorrected misstatements have been identified up to the date of this report which we request that you ask management to correct as required by ISAs (UK). Uncorrected misstatements increase the result for the year by £18k.

		Debit/ (credit) income statement £'000	Debit/ (credit) in net assets £'000	Debit/ (credit) prior year reserves £'000	Debit/ (credit) OCI/Equity £'000
Misstatements identified in current year					
Goodwin ruling	[1]	(7)	7	-	-
Misclassification of refund received on prior year lease	[2]	-	-	-	-
Pensions service costs	[3]	25	-	-	(25)
Pension asset valuation	[4]	-	-	-	-
Total		18	7	-	(25)

[1] CS VJB have included an estimate of £24k for the impact of the Goodwin pension ruling in the financial statements. Our actuarial specialists have estimated the impact on the pension liability to be £17k resulting in a £7k judgmental misstatement.

[2] We noted that management reported a refund from its prior year lease as income. However, this should have been reported as a reduction in expenditure in the current year. The impact of correcting this error would be to reduce income and expenditure by the same value, resulting in no impact on the net impact on the CIES. The factual error was £9,693.89 with an extrapolated error of £10,736.

[3] The service cost of £375k has been recognised in relation to the pension liability. Based on our independent calculation we would expect a service cost of c.£400k. Therefore there is a £25k judgmental misstatement. Due to the pension asset cap this has no net impact on the balance sheet.

[4] There were errors identified by the Pension Fund auditor in the asset information submitted to the actuary by the Pension Fund for the whole Fund. As the CS VJB recognises a share of these assets, we have calculated the CS VJB's share of the error which equates to £25.6k. The increase in the asset value will also increase the pension asset cap resulting in no net impact on the CIES or Balance Sheet.

Audit adjustments

Uncorrected disclosure misstatements

The following uncorrected misstatement has been identified up to the date of this report which we request that you ask management to correct as required by ISAs (UK).

Disclosure	Error identified
Defined benefit pension schemes	The interest on the service cost of £11k has been included in the interest cost, but under IAS 19, it should be included in the service cost. This is a presentational issue, and the total interest recognised in the P&L is correct.

Audit adjustments

Corrected disclosure misstatements

The following disclosure misstatements have been identified up to the date of this report which have been corrected by management. We nonetheless communicate them to you to assist you in fulfilling your governance responsibilities, including reviewing the effectiveness of the system of internal control.

Disclosure	Error identified
Cash flow statement	We identified there was no cash flow statement included in the draft financial statements. This is a primary statement and is a requirement of the CIPFA code. The cash flow statement has subsequently been included in the financial statements including the restatement of the prior year values. Please see recommendation 1 on page 24 for further details.
Capital expenditure and capital financing	We identified there was no capital expenditure and capital financing requirement disclosure in the draft financial statements. This is required in the current year due to the recognition of the right of use asset.

Action Plan

The following recommendations have arisen from our 2024/25 audit work:

Recommendation	Management Response	Priority	Responsible Person	Target Date
<p>1. Review of draft accounts</p> <p>We identified the accounts did not include a cashflow statement or capital financing requirement note and the right of use asset value was not calculated in line with the requirements of the CIPFA code. The omission of the cashflow statement was identified following a change in audit engagement team and a detailed review of the financial statements and challenge of historic judgements. Following an internal technical consultation, it was concluded that a cashflow statement is required.</p> <p>As part of the Annual Account's preparation a review of draft accounts against the requirements of the CIPFA code should be performed to ensure all required disclosures are included and all accounting treatment meets the requirements of the code.</p>	<p>The cashflow statement was removed from the accounts on advice received from Audit Scotland during their audit of a previous set of accounts. As the requirements of the code had not changed since then, no cashflow statement was included in the 2024/25 draft accounts. On advice, a cashflow statement has been included in the 2024/25 final audited accounts and will be included for future years.</p> <p>A review of the CIPFA Code will be undertaken in preparing the draft accounts as part of the year-end process to ensure compliance.</p>	Medium	Treasurer	June 2026

Action Plan

The following recommendations have arisen from our 2024/25 audit work:

Recommendation	Management Response	Priority	Responsible Person	Target Date
<p>2. Employee contracts In our payroll testing we identified two employees where there was no electronic or paper copy of their employee contracts.</p> <p>Updated contracts should be issued to employees where no paper or electronic copy exists.</p>	<p>This exercise will be carried out during 2026/27 and updated contracts will be issued where required.</p>	Medium	Assessor	December 2026

Action Plan (continued)

We have followed up on open recommendation made in previous audits:

Recommendation	Management Response at 2023/24	Priority	Management Update for 2024/25
1. Debtors Reconciliation Management should ensure a process is in place to detect all types of debtors, before being discovered by Clackmannanshire Council.	This will be added as a specific task within the workplan for preparing the year end accounts.	High	Complete - Task was added to workplan and carried out as part of the preparation of 2024/25 draft accounts.
2. Year-end Classification of Prepayments and Accruals Management should ensure that appropriate controls around year-end cut off are in place to ensure transactions are correctly accounted for in the correct year and correctly classified.	This will be added as a specific task within the workplan for preparing the year end accounts.	High	Complete - Task was added to workplan and carried out as part of the preparation of 2024/25 draft accounts.
3. Maintain Records of Disposals Management should implement a proper record keeping system for documenting disposals. This should include when the equipment was disposed of, how it was disposed, why it was disposed of, who authorised the disposal, evidence of approval, and whether it was sold for any scrap value. The VJB should also maintain evidence of this scrap value amount. This would enhance the audit trail.	This will be discussed with staff at the Valuation Joint Board to ensure the asset register includes the information recommended by the auditors and documentation is retained, where necessary.	High	Complete - A form was designed for use in 2024/25 to capture the relevant information when assets are disposed of. There were no disposals during 2024/25.

Action Plan (continued)

Recommendation	Management Response at 2023/24	Priority	Management Update for 2024/25
<p>4. Incorrect Accounting Treatment Deloitte identified this approach for calculating dilapidation provision is non-compliant with IAS 37, which mandates recognizing the full estimated dilapidation liability, discounted to its present value, when the lease obligation arises. Moving forward, we recommend management should proactively review relevant accounting standards, engage early with accounting experts for complex transactions, and maintain thorough documentation of key assumptions to ensure continued compliance and accurate financial reporting.</p>	<p>Management will proactively review relevant accounting standards to review complex transactions and maintain accurate documentation.</p>	<p>Medium</p>	<p>Complete - In line with the agreed action, in preparing the 2024/25 accounts, we reviewed the relevant accounting standards and documented the basis for any calculations as part of the working papers. This action is now complete, and we will continue to monitor guidance and maintain appropriate documentation going forward.</p>
<p>5. Lack of Signed Documentation Deloitte were only able to obtain a draft, unsigned version of the lease agreement for the Glendevon House. Management should ensure documentation has been appropriately signed and finalised to ensure appropriate audit trail.</p>	<p>The Assessor at the VJB signed the lease agreement for the move to Glendevon House, in March 2024. However, we have been unable to obtain a copy of the signed lease from the lessor, despite having chased several times.</p>	<p>Medium</p>	<p>Complete - A signed copy of the lease was obtained in January 2025 and a copy shared with the Audit team.</p>

Our other responsibilities explained

Fraud responsibilities and representations



Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.

Required representations:

We have asked the CS VJB to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you have disclosed to us all information in relation to fraud or suspected fraud that you are aware of and that affects the CS VJB.

We have also asked the CS VJB to confirm in writing their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error and their belief that they have appropriately fulfilled those responsibilities.



Audit work performed:

In our planning we identified the risk of management override of controls and cut off and completeness of non-payroll expenditure as key audit risks. During the course of our audit, we have had discussions with management and those charged with governance.

In addition, we have reviewed management's own documented procedures regarding fraud and error in the financial statements.

We will explain in our audit report how we considered the audit capable of detecting irregularities, including fraud. In doing so, we will describe the procedures we performed in understanding the legal and regulatory framework and assessing compliance with relevant laws and regulations.

Concerns:

No issues or concerns have been identified in relation to fraud.

Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence confirmation

We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of the CS VJB and our objectivity is not compromised.

Fees

The expected fee for 2024/25, as communicated by Audit Scotland in January 2025 is analysed below:

	£
Auditor remuneration	24,440
Audit Scotland fixed charges:	
• Pooled costs	610
• Contribution to PABV costs	0
• Sectoral cap adjustment	(15,540)
Total expected fee	9,510

Non-audit services

We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.

Relationships

We have no other relationships with the CS VJB, its directors, senior managers and affiliates, and have not supplied any services to other known connected parties.



This document is confidential and it is not to be copied or made available to any other party. Deloitte LLP does not accept any liability for use of or reliance on the contents of this document by any person save by the intended recipient(s) to the extent agreed in a Deloitte LLP engagement contract.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London, EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.