Annual Audit Report

Dunbartonshire and Argyll and Bute Valuation Joint Board– year ended 31 March 2024

November 2025

Dunbartonshire and Argyll and Bute Valuation Joint Board
235 Dunbarton Road
Clydebank
G18 4XJ
28 November 2025

Forvis Mazars
100 Queen Street
Glasgow
G1 3DN

Dear Board Members and Controller of Audit,

Annual Audit Report – Year ended 31 March 2024

We are pleased to present our Annual Audit Report for the year ended 31 March 2024. The purpose of this document is to summarise our audit conclusions and findings from our considerations of the wider scope audit specified in the Code of Audit Practice 2021 namely, financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.

The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Annual Audit Plan, which we presented to you on 21 June 2024.

We have reviewed our Annual Audit Plan and concluded that the significant audit risks and other key judgement areas set out in that report remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07816 354 994 or via tom.reid@mazars.co.uk.

Yours faithfully

T. Reid

Tom Reid (Audit Director)

Forvis Mazars LLP

Contents

Our reports are prepared in accordance with Terms of Appointment Letter from Audit Scotland dated 18 May 2022 through which the Accounts Commission has appointed us as external auditor of Dunbartonshire and Argyll & Bute Valuation Joint Board (the Board) for financial years 2022/23 to 2026/27. We undertake our audit in accordance with Part VII of the Local Government (Scotland) Act 1973, as amended; and our responsibilities as set out within Audit Scotland's Code of Audit Practice 2021.

Reports and letters prepared by appointed auditors and addressed to the Board are prepared for the sole use of the Board and made available to Audit Scotland, the Accounts Commission, and the Controller of Audit. We take no responsibility to any member or officer in their individual capacity or to any other third party.

01

Executive Summary

Executive summary

Audit conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2023/24 is set out in Audit Scotland's Code of Audit Practice 2021. Our responsibilities and powers are derived from Part VII of the Local Government (Scotland) Act 1973 and, as outlined in our Annual Audit Plan, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Annual Audit Plan, which include:

- Management override of controls
- Valuation of property, plant and equipment
- Valuation of the net defined benefit liability

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements. Section 7 outlines our work on the Board's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

We have completed our audit in respect of the financial statements for the year ended 31 March 2024.

We have the following conclusions:

Audit opinion

We issued an unqualified opinion, without modification, on the financial statements. Our audit opinion is included in the draft auditor's report in Appendix B.

Matters on which we report by exception

We are required by the Accounts Commission 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

Executive summary (continued)

Conclusions from our audit testing and audit opinion (continued)

Other information
We are required to report on whether the other information (comprising of Management's Commentary, Statement of Responsibilities and the unaudited parts of the Remuneration 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 have issued an unmodified opinion in this respect.

Wider 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. We confirm that no such correspondence from electors has been received.

Management Commentary and Annual Governance Statement
We are required to report on whether the information given in the Management Commentary and Annual Governance Statement is consistent with the financial statements; and has been properly prepared in accordance with the statutory guidance issued under the Local Government in Scotland Act 2003 and Delivering Good Governance in Local Government Framework 2016.
We have no matters to report in respect of the Management Commentary and Annual Governance Statement.

Executive summary (continued)

Best Value and Wider Scope conclusions

As auditors appointed by the Accounts Commission, our wider scope responsibilities are set out in Audit Scotland's Code of Audit Practice 2021 and sits alongside Best Value requirements detailed the Local Government (Scotland) Act 1973. The Code requirements broaden the scope of the 2023/24 audit and allows 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.

It remains the responsibility of the Board to ensure proper financial stewardship of public funds, it complies with relevant legislation and establishes effective governance of their activities. The Board is also responsible for ensuring that it establishes arrangements to secure continuous improvement in performance and, in making those arrangements, ensures resources are being used to improve strategic outcomes and demonstrate the economy, efficiency, and effectiveness throughout the use of its resources. These arrangements should be proportionate to the size and type of the Board, appropriate to the nature of the Board and the services and functions that it has been created to deliver.

Wider Scope

We have identified risks in arrangements to report in relation to the financial sustainability arrangements that the Board has in place.
Further detail on our Wider Scope work is provided in section 7 of this report including any significant risks identified.

Best Value

We have 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 detail on our Best Value work is provided in section 8 of this report including any significant risks identified.

02

Status of the 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.

Status

High - Likely to result in a material adjustment or a significant change to disclosures in the financial statements.

Medium - Potential to result in a material adjustment or a significant change to disclosures in the financial statements.

Low - Not considered likely to result in a material adjustment or a change to disclosures in the financial statements.

03

Audit Approach

Audit Approach

Changes to our audit approach

There have been no changes to the audit approach we communicated in our Annual Audit Plan, issued on 21 June 2024.

Materiality

Our provisional materiality at the planning stage of the audit was set at £66k using a benchmark of 2% of gross revenue expenditure at surplus/deficit level. Our Performance materiality was set at £46k. In determining the overall materiality levels, we made the following significant judgements;

- that the main users of the financial statements are the Scottish Government, other Local Authorities, Regulators, Elected Members, the local community, and other stakeholders;
- that the primary aggregate that users tend to focus on is gross revenue expenditure at surplus/deficit level, as it reflects the extent of services delivered by the Board;
- that users of the financial statements and decision makers (the Board Board and Scottish Government) have a high understanding of the inherent uncertainties around accounting estimates and judgements;
- that setting 2% of the chosen benchmark is consistent with prior period and as part of our audit, we have gained an understanding that the Board has a well established and experienced finance team capable of applying the relevant Accounting Standards.
- Board members demonstrate an ability to scrutinise financial information at a high level.

Based on the final financial statement figures and other qualitative factors, the final overall materiality we applied was £66k, final performance materiality: £46k, and final clearly trivial threshold was £2k.

We maintained a specific materiality of £1k for senior employees' remuneration and pension benefits, and one banding for other employees' remuneration disclosed in the Remuneration Report in the Board’s financial statements.

Use of expert

We used the experts to assist us to obtain sufficient appropriate audit evidence on specific items of the financial statements. There have been no changes to our use of experts outlined in the Annual Audit Plan, with no issues arising we are required to report to you.

04

Significant findings

Significant findings

Significant findings, including key areas of management judgement

The significant findings from our audit include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Annual Audit Plan;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 17 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant findings

Management override of controls

Description of the risk

This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.

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 there is a risk of material misstatement due to fraud on all audits.

How we addressed this risk

We addressed this risk through performing the below procedures:

- we reviewed the key areas within the financial statements where management has used judgements and estimation techniques and considered whether there was evidence of unfair bias;
- we tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements; and
- we considered and tested any significant transactions outside the normal course of business or otherwise unusual.

Audit conclusion

Our work has provided the assurance we sought in each of these areas and has not highlighted any material issues to bring to your attention.

Significant findings (continued)

Valuation of property, plant and equipment

Description of the risk

The Board held land and buildings, with a net book value of £0.634 million at 31 March 2023. It 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 the year end fair value.

Valuations are based on specialist and management assumptions and changes in these can result in material changes to valuations. Due to the high degree of estimation uncertainty associated with valuations, we have determined there is a significant risk in this area.

How we addressed this risk

We addressed this risk through performing the below procedures:

- we assessed the scope and terms of engagement with the Valuer;
- we assessed the competence, skills and objectivity of the Valuer;
- we assessed how management use the Valuer's report to value land and buildings included in the financial statements;
- we tested the accuracy of the data used in valuations;
- we challenged management and the Valuer's assumptions and judgements applied in the valuations;
- we reviewed the 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.

Audit conclusion

Our work has provided the assurance we sought in each of these areas. Following the identification of Reinforced Autoclaved Aerated Concrete (RAAC) within the Clydebank office building, management engaged an independent expert to perform a revaluation of the property. This resulted in a write-down of the asset's carrying value. Further details of the significant matter discussed with management is provided on page 17.

Significant findings (continued)

Valuation of the net defined benefit liability

Description of the risk

The Valuation Joint Board had a net pension liability of £0.170 million at 31 March 2023. 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 through performing the below procedures:

- we reviewed the controls that the Board has in place over the information sent to the Scheme Actuary by the fund administrators (Strathclyde Pension Fund);
- we assessed the skill, competence and experience of the Scheme Actuary;
- we challenged the reasonableness of the assumptions used by the actuary as part of the annual IAS 19 valuation;
- we 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; and
- reviewed the completeness of the membership data used by the actuary in preparing the actuary valuation.

Audit conclusion

Our work has provided the assurance we sought in each of these areas and has not highlighted any material issues to bring to your attention.

Significant findings (continued)

Qualitative aspects of the Board's accounting practices

We have reviewed the Board's accounting policies and disclosures and concluded they comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets, published in November 2022, appropriately tailored to the Board's circumstances.

We received the unaudited annual report and accounts from the Board on 27 June 2024. These were of good quality.

Significant matters discussed with management

During our audit we communicated the following significant matter to management:

- **Reinforced Autoclaved Aerated Concrete (RAAC).** Safety concerns regarding the use of Reinforced Autoclaved Aerated Concrete (RAAC) prompted the Scottish Government to instruct local authorities to undertake surveys assessing associated risks. The Board conducted a review of its estate and confirmed the presence of RAAC within its Clydebank office. It had the property revalued as at 31 March 2024, which resulted in the carrying value of the building being impaired by £291k.
- Management is currently evaluating strategic options regarding the future of the building. Based on representations received from management and our audit procedures, we have not identified any matters that would impact our audit opinion.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

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.
- 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.
- 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.

We confirm that a statutory report is not required.

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Internal control conclusions

Internal control conclusions

Overview of engagement

As part of our audit, we obtained an understanding of the Board's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and determine the nature, timing, and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of the Board's internal controls, we are required to communicate to the Board any significant deficiencies in internal controls that we identified during our audit.

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 necessary control 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 this section of our report 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 this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency is of sufficient importance to merit the attention of the Board.

We have not identified any significant deficiencies in the Board's internal controls as at the date of this report.

Other observations

We also record our observations on the Board's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

Refer to page 21 for further observations and our recommendations to the Board.

Internal control conclusions (continued)

Other observations

Our other internal control observations, as at the date of this report, are set out in this section. These have been reported to management directly and have been included in this report for your information.

Whether internal control observations merit attention by the Board and/ or management is a matter of professional judgment, taking into account the risk of misstatement that may arise in the financial statements as a result of those observations.

Description of deficiency

Inadequacies in process for identifying related parties and related party transactions

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 2024-25 and beyond.

Responsible Officer: Treasurer

Implementation Date: June 2026

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Summary of misstatements

Summary of misstatements

We set out below and on the following pages a summary of the misstatements we identified during our audit, above the trivial threshold for adjustment of £2k.

We identified no unadjusted misstatements, above our reporting threshold as at the date of this report. The table below outlines the misstatements we identified that have been adjusted by management

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Annual Audit Plan, issued on 27 June 2024. Any subsequent changes to those figures are set out in the section 3 of this report.

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	CIES	CIES	Balance Sheet	Balance Sheet
	Dr (£ '000)	**Cr (£ '000)**	**Dr (£ '000)**	**Cr (£ '000)**
Dr: Impairment charge	263			
Dr: Revaluation reserves			28	
Dr: Property, plant and equipment			4	
Cr: Depreciation charge		4		
Cr: Property, plant and equipment				291
Being adjustment to recognise impairment of the Clydebank office building.				
Aggregate effect of adjusted misstatements	**263**	**4**	**32**	**291**

Summary of misstatements (continued)

Corrected disclosure misstatements

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

- **Management commentary**

  - Update to report 2023/24 Public Performance Report.

  - Update to report 2023/24 customer satisfaction survey data.

- **Remuneration report**

  - Amendments made to disclosures to ensure amounts are presented in accordance with the Local Authority Accounts (Scotland) Regulations 2014.

- **Cash Flow Statement**

- 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.
- **Financial instruments**

  - Amendments made to include financial instruments disclosures.

- **Note 10 Defined Benefit Pension Scheme**

  - The external auditor of Strathclyde Pension Fund reported an unadjusted error in the Fund’s 2023/24 annual accounts relating to the understatement of private equity, debt infrastructure, and direct portfolio assets. We have apportioned this error to the Board based on its proportionate share of the Fund’s assets, resulting in an understatement of the fair value of plan assets by £100k in the Board’s accounts. The Board has adjusted its accounts by increasing plan assets. This has no overall impact on the Comprehensive Income and Expenditure Statement or Balance Sheet due to the application of the asset ceiling adjustment, which restricts recognition of a pension asset.

- 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.

There were also adjustments to the annual report and accounts for other minor disclosures, consistency or presentational matters.

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 sit alongside Best Value requirements detailed in the Local Government (Scotland) Act 1973. The Code requirements broaden the scope of the 2023/24 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:

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

Overall summary by reporting criteria

We have the following conclusions:

Reporting criteria	Commentary page reference	Identified risks?	Actual risks identified?	Other recommendations made?
Financial sustainability	28	Yes	Yes	Yes
Annual Governance Statement	33	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	**Financial sustainability – unfunded medium-term budget gaps** 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. 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. 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. 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.	**Work undertaken** We have engaged with management to obtain a detailed understanding of the process for negotiating increases in contributions from the constituent authorities. We have monitored developments in negotiations with the constituent authorities and assess the impact on the Board's forecast financial position. We have reviewed the progress made by the Board in achieving savings agreed within its latest Long Term Finance Strategy. We have reviewed other assumptions within the Board's short and medium-term financial forecasts to determine whether they are appropriate and comprehensive.

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 was scheduled to take place during October 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 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	**Financial sustainability – unfunded medium-term budget gaps (Level 1)** 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. 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.	- Management should continue to engage with the constituent Councils to agree firm funding settlements for the medium to longer-term. - Management should identify potential savings and efficiencies to help address the currently unfunded budget gap. - 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.	**Management's response** 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. 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. 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. It is then for the Board to approve those estimates and determine the split of the total requisition to each constituent council. **Responsible Officer:** Chief Assessor **Implementation Date:** March 2026

forv/s mazars

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	We confirmed that the Annual Governance Statement: • is consistent with the financial statements; • is prepared in accordance with the CIPFA/SOLACE guidance : Delivering Good Governance in Local Government Framework (2016); • is consistent with our knowledge obtained through the audit; • does not contain any misleading information.	The Board has amended the Annual Governance Statement to ensure compliance with the CIPFA/SOLACE guidance : Delivering Good Governance in Local Government Framework (2016).	No significant issues identified.

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

From the satisfactory 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

A: Draft management representation letter

B: Draft audit report

C: Confirmation of our independence

D: Other communications

E: Wider scope and Best Value ratings

Appendix A: Draft management representation letter

Forvis Mazars
100 Queen Street
Glasgow
G1 3DN

XX November 2025

Dear Tom Reid,

Dunbartonshire and Argyll & Bute Valuation Joint Board - Audit for Year Ended 31 March 2024

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 2024 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 2023/24 (the Code), as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022, 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 ourselves 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 the Code Update and 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.

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.

Appendix A: Draft management representation letter (continued)

I confirm that there is no 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 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 the Board's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that the methods, significant assumptions and the data used by the Board in making the accounting estimates, including those measured at fair 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 the Code Update and applicable law.

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.

Appendix A: Draft management representation letter (continued)

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.

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 and other assets below their carrying value at the balance sheet date. An impairment review was conducted after the balance sheet date and the carrying value of assets have been adjusted accordingly.

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 by the Code Update and 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.

Charges on assets

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

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.

Appendix A: Draft management representation letter (continued)

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by the Code Update and 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 Annual Report and the subsequent events note 17 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 Annual Report and the subsequent events note 17 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.

Unadjusted misstatements

We confirm that there are no unadjusted misstatements.

Appendix A: Draft management representation letter (continued)

Wider scope and best value arrangements

I confirm that I have disclosed to you all findings and correspondence from regulators for previous and ongoing inspections of which I am aware. In addition, I have disclosed to you any other information that would be considered relevant to your work on our wider scope and Best Value arrangements.

Yours faithfully,

Laurence Slavin
Treasurer
XX November 2025

Appendix B: 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 2024 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 Cashflow 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 2023/24 (the 2023/24 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 2024 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 2023/24 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.

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.

Appendix B: Draft audit report (continued)

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.

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 as to other laws or regulations that may be expected to have a fundamental effect on the operations of the Board;

- inquiring of the Treasurer concerning 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. 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, Statement of Responsibilities, Annual Governance Statement and the unaudited part of the Remuneration Report.

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.

Appendix B: Draft audit report (continued)

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.

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.

Tom Reid
Director
For and on behalf of Forvis Mazars LLP

100 Queen Street
Queen Street
G1 3DN
XX November 2025

Appendix C: Confirmation of our independence

We communicate any matters which we believe may have a bearing on our 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 C: 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 on 21 June 2024. Having completed our work for the 2023/24 financial year, we can confirm that our fees are as follows:

Area of work	2023/24 fees	2022/23 fees
Auditor remuneration	£20,950	£19,760
Pooled costs	£760	£0
Contribution to PABV costs	£0	£0
Audit support costs	£0	£750
Sectoral cap adjustment	(£12,390)	(£11,720)
Additional fee for review and testing of Clydebank Office revaluation	£454	£0
Total fees	**£9,774**	**£8,790**

Fees for other work

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

Appendix D: Other communications

Other communication	Response
Compliance with Laws and Regulations	We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations 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.
External confirmations	We did not experience any issues with respect to obtaining external confirmations.
Related parties	We did not identify any significant matters relating to the audit of related parties. We will obtain written representations from management confirming that: 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 b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
Going Concern	We have not identified any evidence to cause us to disagree with the Treasurer that the 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. 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.

Appendix D: Other communications (continued)

Other communication	Response
Subsequent events	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. 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.
Matters related to fraud	We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition, we have assessed the adequacy of the Board's arrangements for preventing and detecting fraud or other irregularities as part of the wider scope audit and concluded that they are sufficiently designed and implemented. We will obtain written representations from management, and where appropriate the Board, confirming that: a) they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b) 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; c) they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d) 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.

Appendix E: 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.

Contact

Forvis Mazars

Tom Reid
Director
Tel: +44 781 635 4994
tom.reid@mazars.co.uk

Caleb Oguche
Senior Manager
Tel: +44 797 412 4504
Caleb.Oguche@mazars.com