Grampian Valuation Joint Board External Audit Plan

Financial year ending 31 March 2026

Prepared for those Charged with Governance, the Controller of Audit and the Accounts Commission

30 March 2026

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01 Introduction and Headlines

Introduction and headlines (1)

Purpose

- This document provides an overview of the planned scope and timing of the external audit of the Grampian Valuation Joint Board (VJB) for those charged with governance.

Respective responsibilities

- The Code of Audit Practice (the Code) summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities, and that of the Grampian VJB are summarised in the Appendix of this Audit Plan. We draw your attention to this and the Code.

Scope of our Audit

- The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Grampian VJB's financial statements that have been prepared by management with the oversight of those charged with governance (Grampian VJB). The audit of the financial statements does not relieve management or the Grampian VJB of your responsibilities.
- It is your responsibility to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. As part of our wider scope work, we will consider how you are fulfilling these responsibilities.
- Our audit approach is based on a thorough understanding of the Grampian VJB and is risk based.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of controls (ISA (UK) 240);
- Valuation of land and buildings;
- Valuation of defined benefit pension scheme.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Annual Audit (ISA 260) Report.

Wider Scope and Best Value Audit

In accordance with the Code, our planning considers the Wider Scope and Best Value areas of audit.

We have concluded that Grampian Valuation Joint Board is a ‘less complex body’ and therefore carry out more limited wider scope work as set out in this Audit Plan.

Introduction and headlines (2)

Materiality

We have calculated our planning materiality to be £124,500 (PY: £124,500) for the organisation, which equates to 2.5% (PY: 2.5%) of your prior year gross expenditure as per the audited 2024/25 financial statements.

Performance materiality has been determined as £93,375 (PY: £93,375) and is based on 75% (PY: 75%) of planning materiality.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been calculated at 5% of materiality being £6,200 (PY: £6,200).

A lower materiality threshold will of £25,000 will be used on salary and pension (CETV) tables for senior management and board members.

We will revisit our materiality throughout our audit including updating to reflect the draft unaudited financial statements for 2025/26.

Audit logistics

Our final visit will take place in October. Our key deliverables are this Audit Plan and the Auditor's Annual Report.

Audit fees were shared by Audit Scotland with Grampian VJB in a letter dated 15 January 2026. Audit fees are paid to Audit Scotland, who in turn pay us. We reserve the right to review our fee during the audit should significant delays be encountered and/or new technical matters arise. Further details with regards to audit fees are included within section 8 of our plan.

At the planning stage, we can confirm that there are no planned non-audit services.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Introduction and headlines (3)

Audit Fees

Audit fees were shared by Audit Scotland with Grampian VJB in January 2026. The baseline audit fee set is £9,920.

Audit fees are paid to Audit Scotland who in turn pay Grant Thornton UK LLP. The baseline audit fee has been agreed with the audited body. We reserve the right to review our fee during the audit should significant delays be encountered and/or new technical matters arise.

We reserve the right to review our fee during the audit should significant delays be encountered and/or new technical matters arise.

Adding Value Through the Audit

Our overall approach to adding value through the audit is clear and upfront communication, founded on our public sector credentials. We use our LEAP audit methodology and data analytics to ensure delivery of a quality audit.

We aim to add value to Grampian VJB through our external audit work by being constructive and forward looking, by attending meetings of the Grampian Valuation Joint Board. In so doing, we will help Grampian VJB promote improved standards of governance, better management and decision making and more effective use of resources.

We will ensure an element of unpredictability in our testing to highlight areas of risk and improvements that can be made through both the financial statement and wider scope and best value audit.

We have invited members of your financial reporting team to our annual Local Government Chief Accountants workshop, which is led by our internal financial reporting technical team.

We look to bring forward audit testing where possible by performing an interim audit which is ongoing during March 2026. This will help provide a smooth and efficient audit process to support delivery for the year end audit.

02 Identified risks

Significant risks identified (1)

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

"In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK)." (ISA (UK) 315).

In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK) 550).

Management should expect engagement teams to challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide to engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Significant risks identified (2)

Significant Risk	Description	Key aspects of our proposed response to the risk
Fraud in Revenue Recognition	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. (Rebutted)	Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at the Grampian VJB, we have determined that the risk of fraud arising from revenue recognition for all revenue streams can be rebutted, because: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including the Grampian VJB, mean that all forms of fraud are seen as unacceptable. **Therefore, we do not consider this to be a significant risk for the Grampian Valuation Joint Board.**
Fraud in expenditure recognition	Due to the presumption that there are risks of fraud in expenditure recognition, we are required to evaluate which types of expenditure, expenditure transactions or assertions give rise to such risks. Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom (PN10) states: "As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition". (rebutted)	Having considered the risk factors set out in ISA 240 and the nature of the expenditure streams at the Board, we have determined that the risk of fraud arising from expenditure recognition can be rebutted, because: • there is limited incentive for management to manipulate the outturn position as the Board received requisitions to cover any overspend. • we consider payroll costs to be well forecast and are able to agree these costs to underlying payroll systems. • non-payroll costs are generally high volume / low value transactions which are recognised across a number of expenditure streams. This would require a significant proportion of transactions to be manipulated to result in a material error. As such, we believe there is less opportunity for a material misstatement as a result of fraud to occur in the recognition of expenditure. **Therefore, we do not consider this to be a significant risk for the Grampian Valuation Joint Board.**

Significant risks identified (3)

Significant risk	Description	Key aspects of our proposed response to the risk
Management override of controls	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. Our risk focuses on the areas of the financial statements where there is potential for management to use their judgement to influence the financial statements alongside the potential to override the entity's internal controls, related to individual transactions. We have therefore identified management override of controls, in particular journals, management estimates and of transactions outside the course of business as a significant risk of material misstatement.	We will: • Document our understanding of and evaluate the design effectiveness of management's key controls over journals; • Analyse your full journal listing for the year and use this to determine our criteria for selecting high risk journals; • Test the high-risk journals we have identified; • Gain an understanding of the critical judgements applied by management in the preparation of the financial statements and consider their reasonableness; • Gain an understanding of the key accounting estimates made by management and carry out substantive testing on in scope estimates; • Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified (4)

Significant Risk	Description	Key aspects of our proposed response to the risk
Valuation of land and buildings	In accordance with the CIPFA/LASAAC Code of Practice, except for initial recognition, the Board is required to hold property and property, plant and equipment (PPE) on a valuation basis. The valuation basis used will depend on the nature and use of the assets. Specialised land, buildings, equipment, installations and fittings are held at depreciated replacement costs, as a proxy for fair value. Non-specialised land and buildings, such as offices, are held at fair value. As at 31 March 2025, the Board held land and buildings of £0.613 million. Given these significant values, and the level of complexity and judgement involved in their estimation process, there is an inherent risk of material misstatement in the year end valuation of some assets. However, the risk is less prevalent in other assets as these are generally held at depreciated historical cost, as a proxy of fair value. We will therefore focus our audit attention on assets that have large and unusual changes in valuations compared to last year and/or unusual approaches to their valuations. The risk will be pinpointed as part of our final accounts work, once review the population of assets revalued. A substantial change has been made to the Code of Audit Practice for 2025/26. Local government bodies are now required to completed a full valuation for all properties once every five years or alternatively on a five-year rolling basis and supported by indexation in intervening years. We have confirmed that Moray Council employ an internal valuer which Grampian VJB utilises to undertake a rolling programme of valuations across their asset base valuing land and buildings at least once every five years. In the intervening periods, Grampian VJB carries out an indexation exercise. We therefore consider this to be a significant risk to our audit and a key audit matter.	We will: • Evaluate management's processes and controls for the calculation of the valuation estimates, the instructions issued to their management experts and the scope of their work. • Evaluate the competence, capabilities and objectivity of the valuation expert. • Write to the valuer to confirm the basis on which the valuations were carried out. • Challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding. • Evaluate the valuer's report to identify assets that have large and unusual changes and/or approaches to the valuation – these assets will be substantially tested to ensure the valuations are reasonable. • Test a sample of other asset revaluations made during the year to ensure they have been input accurately into the body's asset register and associated entries in the financial statements. • For any assets not formally revalued, evaluate the judgement made by management or others in the determination of the current value of these assets.

Significant risks identified (5)

Significant Risk	Description	Key aspects of our proposed response to the risk
Valuation of defined benefit pension scheme	The Board participates in the North East Scotland Pension Fund (NESPF), a local government pension scheme. There is an established Pension Fund protocol in place with Pension Fund auditors to provide external auditors with relevant assurance. The local government pension scheme is a defined benefit pension scheme and in accordance with IAS 19: Employee Benefits, Grampian VJB is required to recognise its share of the scheme assets and liabilities in its Statement of Financial Position. In 2024/25, the Board applied the asset ceiling test as prescribed by IFRIC 14 which limited the measurement of a defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.' The pension asset can be recognised as the lower of the net pension asset or the present value of any economic benefits available. The Board's actuaries undertook this assessment and the asset value in the accounts was reduced as the present value of the benefits available were lower than the pension asset. The net liability arising from the unfunded defined benefit obligation remained as there is no right to offset this. The Board's actuary will provide an annual IAS 19 actuarial valuation of Grampian VJB's net liabilities in the pension scheme. There are a number of assumptions contained within the valuation, including: discount rate; future return on scheme assets; mortality rates; and future salary projections. Given the material value of the scheme's gross assets and gross liabilities and the level of estimation in the valuation, there is an inherent risk that the defined benefit pension scheme net liability could be materially misstated within the financial statements. This risk is focussed on the appropriateness and reasonableness of the underlying assumptions adopted by the actuary and the suitability of these for the Board. We therefore consider this to be a significant risk to our audit and a key audit matter.	We will: • Evaluate management's processes and controls for the calculation of the gross asset and gross liability and estimates, the instructions issued to the actuarial expert and the scope of their work. • Evaluate the assumptions made by the actuary in the calculation of the estimate, using work performed by an auditor's expert commissioned on behalf of Audit Scotland and additional follow up procedures (where required). • Evaluate the data used by management's experts in the calculation of the estimates. • Perform substantive analytical procedures over the gross assets, gross liabilities and in year pension fund movements, investigating any deviations from audit expectations. • Assess the accuracy and completeness of the IAS 19 estimates and related disclosures made within the Grampian VJB's financial statements. • Review management's assessment of the application of IFRIC 14 (if applicable). • Evaluate the response received from the NESPF auditor in line with the Audit Scotland Protocol for Auditor Assurances for Local Government Pension Schemes.

03 Other matters

Other matters (1)

Other work

In addition to our expected responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We audit parts of your Remuneration and Staff Report in your Annual Report and check whether these sections of your Annual Report have been properly prepared (opinion). These procedures are performed to a lower materiality.
- We read the sections of your Annual Report which are not subject to audit and check that they are consistent with the financial statements on which we give an opinion (opinion).
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set out in the CIPFA Code 2025/26 (opinion).
- We carry out work in order to express an opinion on whether in all material respects, expenditure was incurred and income applied in accordance with applicable enactments and guidance issued by the Scottish Ministers (opinion).
- We carry out work as appropriate for the Whole of Government Accounts process in accordance with group audit instructions.
- We consider our other duties under the Code and planning guidance (2025/26) issued by Audit Scotland, as and when required, including:
  - supporting Audit Scotland in Section 22 reporting
  - review of local government technical guidance prior to issue by Audit Scotland
  - providing regular updates to Audit Scotland to share awareness of current issues
  - notifying Audit Scotland of any cases of money laundering or fraud.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report. We do not place reliance on the work undertaken by internal audit.

Interim testing

As part of our interim procedures, we will complete testing on a number of areas when efficient to do so, including:

- Payroll - starters, leavers and changes in circumstances (first nine months).
- Operating expenditure (first nine months).
- Existence and rights & obligations of PPE (opening balances).

Progress against prior year audit recommendation

As part of our final account's procedures, we will follow up on the implementation of prior year audit recommendation and report on progress against the recommendation in full within our Annual Audit Report.

Other matters (2)

Going concern assessment

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 was updated in 2020 to take account of revisions to ISAs (UK), including ISA (UK) 570 (Revised September 2019) on going concern.

PN 10 allows auditors to apply a 'continued provision of service approach' when auditing going concern in the public sector, where appropriate. Audit Scotland's also issued further guidance in a Going Concern publication in December 2020).

Within our wider scope work we will conclude on the Grampian VJB's arrangements to ensure financial sustainability.

Internal control environment

During our initial audit planning we will develop our understanding of your control environment (design and implementation) as it relates to the preparation of your financial statements. In particular we will:

- Consider key business processes and related controls
- Assess the design of key controls over all significant risks we have identified. This will include key controls over:
  - Journal entries and other key entity level controls
  - The completeness of accruals and liabilities recorded within the general ledger.
  - The completeness and accuracy of information provided to the actuary to perform the valuation of the net pension fund liability.
  - The review of actuarial outputs including key assumptions made by the actuary and significant movements impacting the net pension liability.
  - The review of valuation outputs including key assumptions made by the valuer.

Our focus is on design and implementation of controls only. We do not intend to assess or place any reliance on the operating effectiveness of your controls during our audit.

04 Our approach to materiality

Our approach to materiality (1)

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
1.	**Determination** We have determined planning materiality (financial statement materiality determined at the planning stage of the audit) based on professional judgement in the context of our knowledge of the business, including consideration of factors such as shareholder expectations, industry developments, financial stability and reporting requirements for the financial statements. We have determined financial statement materiality based on a proportion of the prior year gross expenditure of Grampian Valuation Joint Board. Materiality at the planning stage of our audit is £124,500 (PY: £124,500), which equates to 2.5% of your prior year gross expenditure for the year. Performance materiality for the organisation has been set at £93,375 (PY: £93,375) which is based upon 75% of materiality.	• We determine planning materiality in order to: – establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements – assist in establishing the scope of our audit engagement and audit tests – determine sample sizes and – assist in evaluating the effect of known and likely misstatements in the financial statements
2.	**Other factors** An item does not necessarily have to be large to be considered to have a material effect on the financial statements.	• An item may be considered to be material by nature when it relates to: – instances where greater precision is required (e.g. the Senior Management and Board Members Remuneration and Pension CETV Tables)
3.	**Reassessment of materiality** Our assessment of materiality is kept under review throughout the audit process.	• We reconsider planning materiality on receipt of the draft statement of accounts and if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

Our approach to materiality (2)

Materiality area	2025/26 planning materiality	Qualitative factors considered
Headline materiality for the financial statements	£124,500	This is equivalent to approximately 2.5% of the gross expenditure for the period ended 31 March 2025 (2024/25: 2.5%).
Performance materiality for the financial statements	£93,375	Performance materiality has been set at 75% of financial statements materiality (2024/25: 75%). Performance materiality is used for the purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. This is the amount we set at less than materiality for the financial statements as a whole, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Reporting threshold	£6,200	This balance is set at £6,500 which is 5% of materiality (2024/25: 5%). All misstatements above this threshold will be reported.
Auditable elements of the Remuneration and Staff Report: • Remuneration of Board Members • Remuneration of Grampian VJB Senior Leadership Team Payments to past directors • Payments for loss of office • Fair pay disclosures • Number of senior employees by band Specific lower materiality set by the audit team: • Exit packages The total staff costs analysis note will be audited at headline materiality.	£25,000	Due to the public interest in the specified remuneration disclosures, we apply specific audit procedures to this work and set a lower materiality level for this area. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be applicable for the specified remuneration disclosures. We evaluate errors in this disclosure for both quantitative and qualitative factors against this lower level of materiality. We will apply heightened auditor focus in the completeness and clarity of disclosures in this area and will request amendments to be made if any errors exceed the threshold we have set or would alter the bandings reported for any individual.

05 IT audit strategy

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them.

Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
Advance Business Solutions e5 System	Financial reporting	• ITGC assessment (design and implementation effectiveness only)
iTrent	Payroll	• ITGC assessment (design and implementation effectiveness only)

06 Wider scope and best value arrangements

Wider scope and best value arrangements

Wider Scope

Our responsibilities under the Code extend beyond the audit of the financial statements. Under the Code and supporting guidance: "Supplementary guidance - wider scope audit, less complex bodies and Best Value" issued by Audit Scotland, there is an exemption in relation to the normal wider scope audit requirements of the Code for public bodies which are smaller and have limited financial activity (referred to as "Less Complex Bodies").

As required by the Code and this supporting guidance. we have assessed both the quantitative and qualitative risk factors related to Grampian VJB and concluded that Grampian VJB qualifies for this exemption for 2025/26. From a quantitative perspective the gross revenue, gross assets and gross liabilities of Grampian VJB are not expected to exceed the £10.2 million limit set out in Audit Scotland's guidance, and from a qualitative perspective we have not identified any wider scope risks beyond financial sustainability that would require further consideration during the audit.

Our wider scope work at Grampian VJB will be limited to the following areas specified for Less Complex Bodies in the Code:

Financial Sustainability

Concluding on the financial sustainability of the body and the services that it delivers over the medium to longer term.

Annual Governance Statement

A review of the Annual Governance Statement

From our initial planning work, no significant risks have been identified in relation to our wider scope responsibilities.

Best Value in other local government bodies

Auditors' duty to consider the arrangements to secure Best Value applies to other bodies that fall within section 106 of the Local Government (Scotland) Act 1973 (the 1973 Act). We will consider the arrangements put in place by Grampian VJB to meet their Best Value obligations as part of our wider scope work.

07 Logistics

Logistics

The audit timeline

Key Dates

Audit Plan submitted to Audit Scotland:
By 31 March 2026

Year End:
31 March 2026

Board Meeting
26 June 2026

Board meeting
30 October 2026

Audit phases:

Planning:
March 2026

Finals / Wider Scope:
October 2026

Completion:
October 2026

Key elements

- Planning meeting with management to set audit scope
- Agree timetable and deliverables with management and Grampian VJB
- Issue the Audit Plan to management and Grampian VJB
- Document design effectiveness of systems and processes

Key elements

- Audit team to complete fieldwork and detailed testing
- Review of key judgements and estimates
- Feedback on draft financial statements

Key elements

- Draft Audit Findings issued to management
- Audit Findings meeting with management
- Draft Auditor's Annual Report issued to Grampian VJB
- Audit Findings presentation to Grampian VJB
- Annual Audit Report
- Finalise and sign financial statements and audit report

Our team and communications

Grant Thornton core team

Angela Pieri
Engagement Leader

- Key contact for senior management and the Board
- Overall quality assurance

Andrew Wallace
Senior Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Alexander Chapman
Audit Senior

- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	Annual client service review	The Audit Plan The Auditor's Annual Report	Audit planning meetings Audit clearance meetings Communication of issues log	Technical updates
Informal communications	Open channel for discussion		Communication of audit issues as they arise	Notification of up-coming issues

As part of our overall service delivery, we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior and Manager and will interact with you in the same was as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

08 Fees and related matters

Audit Fees (1)

Relevant Professional Standards

Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

As a firm, we are absolutely committed to meeting the expectations of the FRC on audit quality and public sector financial reporting. This includes, for Audit Scotland contracts, meeting the expectations of the Audit Scotland Quality Team and the Scottish quality framework.

We are required to consider all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's Ethical Standard (revised 2024) which stipulate that the Engagement Lead (Key Audit Parter) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Audit fees were shared by Audit Scotland with the Treasurer in January 2026. Audit fees are paid to Audit Scotland who in turn pay us. We reserve the right to review our fee during the audit should significant delays be encountered and/or new technical matters arise.

Audit Scotland set the baseline audit fee. We can increase the fee, from the baseline, for the inclusion of additional risks, new technical matters or where specific client matters are identified, such as prior year misstatements and disclosure amendments re-occurring during the audit.

The baseline fee of £9,920 has been set by Audit Scotland. In accordance with Audit Scotland guidance, we are able to discuss a variation to the audit fee where additional work is required. Further detail on the audit fee is available on the following page.

Audit Fees (2)

Audit fees for 2025/26

Service	Fees (£)
External Auditor Remuneration	£21,340
Pooled Costs	-£740
Contribution to Audit Scotland support costs	Nil
Contribution to Performance Audit and Best Value	Nil
Sectoral cap adjustment	-£12,160
2025/26 Fee	**£9,920**

Additional Fees (Non-Audit Services)

Service	Fees (£)
At planning stage we confirm there are no planned non-audit services	Nil

Fee Assumption

In setting the fee for 2025/26 we have assumed that you will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence for all critical and significant judgements and estimates made in preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- Provide ongoing access to officers and management experts throughout the audit and timely responses to audit queries.

09 Independence considerations

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, there are no matters that we are required to report.

As part of our assessment of our independence at planning we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Board that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Board or investments in the Board held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Board as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Board.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Board's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard. We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

No non-audit services provided by Grant Thornton UK LLP have been identified. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Annual Audit Report at the conclusion of the audit.

10 Communication of audit matters with those charged with governance

Communication of audit matters with those charged with governance (1)

Our communication plan	Audit Plan	Annual Audit Report
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of Grampian VJB's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Annual Audit Report will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Communication of audit matters with those charged with governance (2)

Our communication plan	Audit Plan	Annual Audit Report
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

11 Appendices

Respective responsibilities

The Code sets out auditor responsibilities and responsibilities of the audited body. Key responsibilities are summarised below. Please refer to the Code for further detail.

Grampian Valuation Joint Board

Your responsibilities include:

- Maintaining adequate accounting records and working papers
- Preparing accounts for audit, comprising financial statements, which give a true and fair view, and related reports
- Establishing and maintaining a sound system of internal control
- Establishing sound arrangements for proper conduct of affairs, including the regularity of transactions
- Maintaining standards of conduct for the prevention and detection of fraud and other irregularities
- Maintaining strong corporate governance arrangements and a financial position that is soundly based
- Establishing and maintaining an effective internal audit function.

External Audit

Our responsibilities include:

- Compliance with the FRC Ethical Standard
- Compliance with the Code and UK Auditing Standards (ISA's UK) in the conduct and reporting of our financial statements audit
- Compliance with the Code and guidance issued by Audit Scotland in the conduct and reporting of our wider scope work
- Providing assurance on specified returns and other outputs (where required), as specified in guidance issued by Audit Scotland
- Liaison with and notifying Audit Scotland when circumstances indicate a statutory report may be required.
- Contributing to relevant performance studies (as set out in Audit Scotland's Planning Guidance for 2025/26).

New or revised IFRS

New or revised accounting standards that are in effect for reporting periods beginning on or after 1 January 2025.

Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to improve the reporting of nature-dependent electricity contracts, such as power purchase agreements (PPAs). These contracts, which secure electricity from sources like wind and solar power, can vary due to uncontrollable factors like weather. The amendments clarify the 'own-use' requirements, permit hedge accounting for these contracts, and introduce new disclosure requirements to help investors understand their impact on a company's financial performance and cash flows. The amendments are effective from 1 January 2026.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments (e.g. instruments with features linked to environmental social and governance (ESG) targets). The amendments are effective from 1 January 2026.

IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the statement of profit or loss as well as introduce specific disclosure requirements. Some of the key changes are:

- Introducing new defined categories for the presentation of income and expenses in the income statement
- Introducing specified totals and subtotals, for example the mandatory inclusion of ‘Operating profit or loss’ subtotal.
- Disclosure of management defined performance measures
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 will be effective in the UK from 1 January 2027.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 provides reduced disclosure requirements for eligible subsidiaries. A subsidiary is eligible if it does not have public accountability and has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is a voluntary standard for eligible subsidiaries and is effective in the UK from 1 January 2027.

Grant Thornton