Lanarkshire Valuation Joint Board

2020/21 Annual Audit Report

Prepared by Audit Scotland
August 2021

Contents

Key messages

2020/21 annual accounts

1. An unqualified independent auditor’s report has been issued for the 2020/21 annual accounts.
2. The management commentary, annual governance statement and remuneration report are consistent with the financial statements and properly prepared in accordance with relevant legislation.

Financial sustainability

3. The Joint Board reported an underspend of £0.180 million against its final 2020/21 budget.
4. The Joint Board is financially sustainable over the medium to longer-term.

Governance arrangements and performance

5. Governance and operational arrangements have been appropriately adjusted in light of the ongoing disruption caused by the Covid-19 pandemic.
6. The Joint Board’s performance was impacted by the pandemic but historically it continues to perform well when compared with other Scottish valuation joint boards.

Introduction

1. The scope of our audit was set out in our annual audit plan presented to the March 2021 meeting of the Joint Board.

2. This report sets out our findings from:

- the audit of the annual accounts
- consideration of the Joint Board's financial sustainability, governance arrangements and performance.

Responsibilities and reporting

3. The management of the Joint Board, has responsibility for:

- preparing financial statements which give a true and fair view.
- putting in place proper arrangements for the conduct of its affairs.
- maintaining proper accounting records and appropriate governance arrangements.

4. Our responsibilities, as independent auditor appointed by the Accounts Commission, are established by the Local Government (Scotland) Act 1973, the Code of Audit Practice 2016 and supplementary guidance and International Standards on Auditing in the UK. We undertake our audit in accordance with International Standards on Auditing, and the auditing profession's ethical guidance.

5. At the conclusion of our audit, we provide an independent auditor's report for inclusion in the annual accounts.

6. Audit Scotland's Code of Audit Practice 2016 includes provisions relating to the audit of small bodies. Where the application of the full wider audit scope is judged by auditors not to be appropriate to an audited body then annual audit work can focus on the financial sustainability of the body and the disclosures in the governance statement. In our 2020/21 annual audit plan we conveyed our intention to apply the small body provisions to the 2020/21 audit of the Joint Board's annual accounts.

7. Best Value is about ensuring that there is good governance and effective management of resources, with a focus on improvement, to deliver the best possible outcomes for citizens. As we have applied the Code of Audit Practice small body provisions to the audit of the Joint Board our wider scope responsibilities do not fully apply. Our Best Value work is limited to our audit work on financial sustainability and governance arrangements. In addition, we have reviewed and commented on the Joint Board's performance outcomes

8. This report raises matters from our audit. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

Adding value through the audit

9. In addition to our primary responsibility of reporting on the annual accounts we seek to add value to the Joint Board by identifying areas for improvement and by recommending and encouraging good practice. In so doing, we aim to help the organisation promote improved standards of governance, better management and decision making, and more effective use of resources.

Auditor Independence

10. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies.

11. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2020/21 audit fee of £7,610 as set out in our annual audit plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

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

13. We would like to thank the management and staff who have been involved in our work for their cooperation and assistance during the audit.

1. Audit of 2020/21 annual accounts

The principal means of accounting for the stewardship of resources and performance.

Key messages

An unqualified independent auditor's report has been issued for the 2020/21 annual accounts.

The management commentary, annual governance statement and remuneration report are consistent with the financial statements and properly prepared in accordance with relevant legislation.

Our audit opinions on the annual accounts are unmodified

14. The annual accounts for the year ended 31 March 2021 were approved for issue by the Joint Board following its meeting on 6 September 2021.

15. We reported in the independent auditor's report that:

- the financial statements give a true and fair view and were properly prepared in accordance with relevant legislation and the Code of Practice on Local Authority Accounting in the UK.

- the management commentary, annual governance statement and remuneration report were all consistent with the financial statements and properly prepared in accordance with relevant legislation.

16. We concluded that there were no matters upon which we are required to report, by exception, to the Accounts Commission.

The unaudited annual accounts were submitted for audit in line with the agreed timetable

17. Despite the ongoing restrictions caused by the Covid-19 pandemic, we received the unaudited annual accounts on 8 June 2021 in line with the agreed audit timetable. The annual accounts submitted for audit were of a satisfactory standard as were supporting working papers. Finance staff provided good support to the audit team which helped ensure the final accounts audit process ran smoothly.

Our audit identified and addressed the risks of material misstatement

18. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit, we identified a number of key audit risks which could impact on the annual accounts. We set out in our annual audit plan the audit work we proposed to undertake to secure appropriate levels of assurance. Appendix 1 sets out the significant audit risks identified and how we addressed each risk in arriving at our opinion on the annual accounts.

Our audit testing reflected the calculated materiality levels

19. Materiality can be defined as the maximum amount by which auditors believe the annual accounts could be misstated and still not be expected to affect the perceptions and decisions of users of the annual accounts. The assessment of what is material is a matter of professional judgement. A misstatement or omission, which would not normally be regarded as material by value, may be important for other reasons (for example, an item contrary to law).

20. Our initial assessment of materiality for the annual accounts is undertaken during the planning phase of the audit. On receipt of the unaudited annual accounts, and following completion of audit testing, we reviewed our original materiality calculations and concluded that they remained appropriate. Our materiality levels are set out at exhibit 1.

Exhibit 1
Materiality levels

Materiality level	Amount
Overall materiality - This is the figure we use in assessing the overall impact of potential adjustments on the financial statements. It has been set at 1% of gross expenditure for the year ended 31 March 2021.	£47,000
Performance materiality - This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we calculated performance materiality at 75% of planning materiality.	£35,000
Reporting threshold - We are required to report to those charged with governance on all unadjusted misstatements more than the ‘reporting threshold' amount. This has been set at 5% of planning materiality.	£2,000

Source: Audit Scotland

Identified misstatements of £0.200 million were adjusted in the annual accounts, these were above our performance materiality and as such we revised our audit approach accordingly

21. We identified misstatements with a gross value of £0.200 million in the unaudited annual accounts. As the total was above our performance materiality level, we revised our audit approach accordingly.

22. It is our responsibility to request that all misstatements are corrected although the final decision on this lies with those charged with governance, taking into account advice from senior officers and materiality levels. Management have adjusted for the errors. These accounting adjustments have contributed to the total expenditure decreasing by £0.196 million, with a corresponding decrease in net liabilities of £0.196 million. Further details are included in exhibit 2.

We have significant findings to report on the annual accounts

23. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to "those charged with governance". The qualitative aspects of the Joint Board's accounting practices, accounting policies, accounting estimates and accounts disclosures are satisfactory and appropriate to the Joint Board.

24. Significant findings are summarised at exhibit 2.

25. In addition to the issues set out below, and in accordance with normal audit practice, a number of presentational and disclosure amendments were discussed and agreed with management.

Exhibit 2
Significant findings from the audit of the annual accounts

Issue	Resolution
1. Capitalisation of expenditure Our testing identified £0.181 million of expenditure that we considered to be capital in nature. This had been incorrectly charged as revenue expenditure in the unaudited annual accounts. The correction had the effect of increasing the non-current assets balance for the year by £0.177 million (£0.181 million less deprecation of £0.004 million charged on these assets for 2020/21).	Management made the appropriate adjustment in the audited annual accounts. Our audit testing did not identify any further issues. We have therefore accepted that this was an isolated error.
2. Year-end prepayment omission Our testing identified a prepayment that had been omitted from the unaudited annual accounts. The correction had the effect of increasing the debtors balance for the year by £0.019 million.	Management made the appropriate adjustment in the audited annual accounts. As part of our testing of prepayments we reviewed a further sample and did not identify issues. We have therefore accepted that this was an isolated error.

Source: Audit Scotland

Other areas of audit interest from the annual accounts

Contingent liability

26. A large number of revaluation and running roll appeals have been lodged on the basis that the effect of Covid-19 is a material change of circumstances affecting the annual value of non-domestic properties. As reported to the June 2021 Joint Board meeting, there were 436 revaluation appeals and 6,025 running roll appeals outstanding. This is a significant number of appeals, which will be resource intensive for the Joint Board both administratively, and in legal terms, as it ensures these are disposed of correctly and timeously.

27. We consider the disclosures made by management in the annual accounts in respect of this contingent liability to be appropriate.

Pension liability

28. This section is included for information as we consider that the large year-on year movements in the pension liability figure requires explanation and comment. We are satisfied that the Joint Board's disclosure of its pension liabilities complies with required accounting practices.

29. The pension liability represents the difference between expected future payments to pensioners and the underlying value of pension fund assets available to meet this liability.

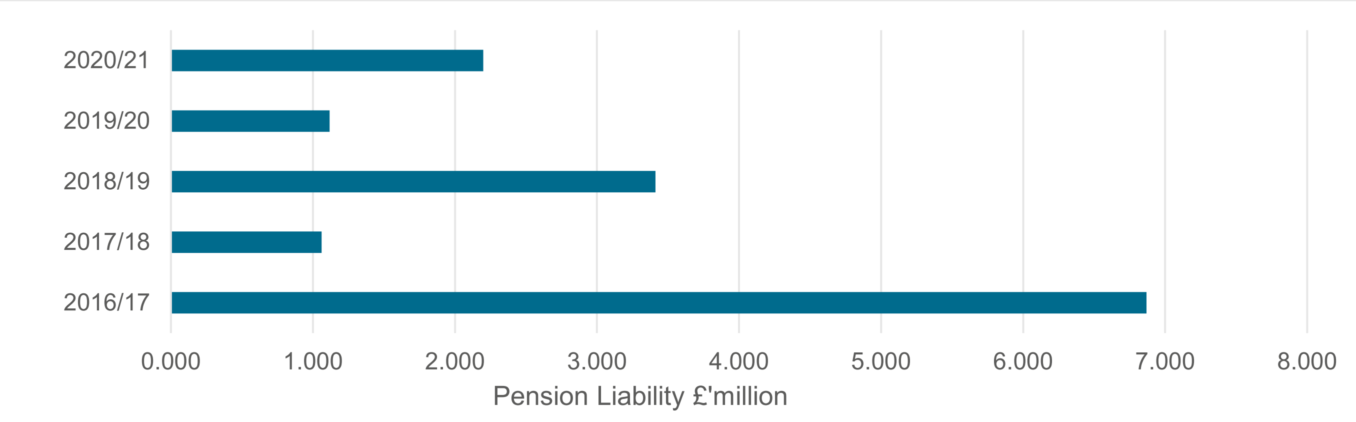
30. The Joint Board is an admitted member of Strathclyde Pension Fund. Valuation of pension fund assets and liabilities is assessed by an independent firm of actuaries (Hymans Robertson LLP). Pension liabilities are calculated annually for each individual member body, by the actuary, for inclusion in the annual accounts. Annual valuations are dependent on a number of external variables, including projected rates of return on assets, projected rates of price and pay inflation, interest rates and mortality estimates. We have reviewed the actuarial assumptions used for the valuation and are satisfied that they appear reasonable and in line with assumptions used by other public sector actuaries over the same period.

31. The Strathclyde Pension Fund actuary provided an estimate of the Joint Board's liability as at 31 March 2021. The liability advised by the actuary (£2.200 million) was a significant increase over that included in 2019/20 (£1.118 million).

32. Exhibit 3 sets out the movement in the Joint Board's pension liabilities over the last five years. Historically there has been considerable volatility year-on-year in the valuation of pension fund assets and liabilities across the public sector. Small changes in actuarial assumptions can have a significant impact on the calculation of the closing position and this is reflected in the movements in the Joint Board's pension liability over the last five years.

Exhibit 3

Pension fund liability 2016/17 – 2020/21



Source: Lanarkshire VJB audited annual accounts 2016/17 – 2020/21

Follow up of prior year recommendations

33. There were no actions raised in our 2019/20 Annual Audit Report.

2. Financial sustainability

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

Key messages

The Joint Board reported an underspend of £0.180 million against its final 2020/21 budget.

The Joint Board is financially sustainable over the medium to longer-term.

The Joint Board reported an underspend of £0.180 million against its final budget in 2020/21 with the majority of this underspend relating to employee costs

34. The Joint Board is mainly funded by requisitions from its constituent members North Lanarkshire Council and South Lanarkshire Council. Other sources of income include funding from the Cabinet Office for Individual Electoral Registration (IER) and income from fees and charges.

35. The Joint Board approved its initial 2020/21 budget in December 2019. This was set on the basis of gross expenditure of £4.283 million, with a planned contribution from the Board's reserves of £0.175 million. During the year, this budget was revised to include additional funding received to support areas such as postal vote applications (£0.362 million) and household notification letters (£0.123 million). This gave a final budget of £5.033 million for 2020/21.

36. The actual outturn in 2020/21 was total expenditure of £4.274 million and total income of £4.454 million. An underspend for the year of £0.180 million. When compared with the final budget of £5.033 million, this actual underspend of £0.180 million represents an improved position of £0.550 million against the budgeted deficit of £0.370 million.

37. Most of the variance against budget is in relation to employee costs. The underspends in employee costs both in 2020/21 (£0.759 million) and in previous years (£0.711 million in 2019/20) has led to the general fund reserve balance increasing substantially, exhibit 4. Management advised that despite running recruitment campaigns, there were a number of vacant posts not filled throughout the year that contributed to this underspend. Members should ensure that they understand all the factors which have contributed to the accumulation of unplanned reserves.

The Joint Board is financially sustainable over the medium to longer-term

Reserve position

38. The CIPFA Local Authority Accounting Panel (LAAP) bulletin 99 provides guidance on the establishment and maintenance of reserves. The bulletin notes that reserves are generally held for the following main purposes:

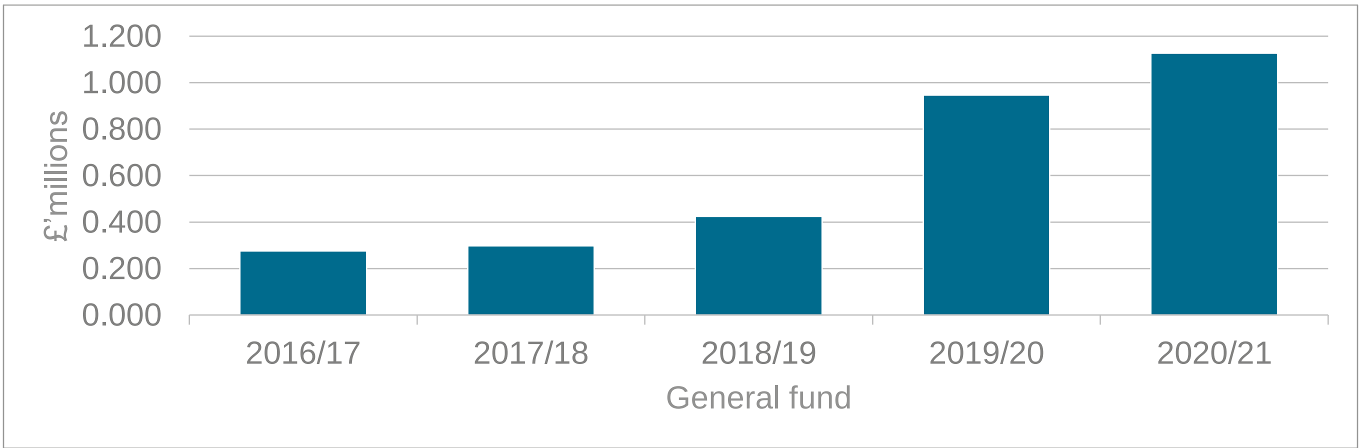
- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.
- A contingency to mitigate the impact of unexpected events or emergencies.
- A means of building up funds to meet known or predicted requirements.

39. As at 31 March 2021 the Joint Board's general fund stands at £1.127 million (31 March 2020: £0.947 million). Exhibit 4 provides an analysis of the Joint Board's general fund over the last five years. The reserve balance has increased substantially over the past few year's primarily as a result of unplanned underspends in employee costs.

40. As part of the 2021/22 budget, it was proposed that there would be a temporary use of reserves in 2021/2022 and 2022/2023 to cover reduced requisitions from constituent councils. The higher requisitions are planned to be reinstated in 2023/2024.

41. The guidance does not prescribe a level of reserves but places the responsibility on the 'chief financial officer' to advise the Joint Board on the creation and levels of reserves appropriate to the Joint Board's circumstances. We are aware that there will be a statement on the adequacy of reserves included in the 2022/2023 budget strategy paper. Members should take the opportunity to consider the appropriateness of the plans together with the current level of reserves held by the Joint Board.

Exhibit 4
Analysis of general fund 2016/17 – 2020/21



Source: Lanarkshire VJB audited annual accounts 2016/17 – 2020/21

2021/22 budget

42. As part of the budget setting process revenue estimates are prepared on a three-year rolling basis. This allows management and members to identify pressures and take early actions to mitigate the pressures.

43. The Joint Board approved the ‘Financial Strategy 2019/20 to 2021/22 and Longer-Term Outlook’ in March 2018. The plan outlines the Joint Board’s statutory obligations and services and outlines details of key activities and outcomes which will allow the objectives of the plan to be achieved over the three-year period. The plan includes activities and outcomes in relation to financial planning, budgeting, and monitoring.

44. The Joint Board approved its 2021/22 budget in December 2020. This was set based on gross expenditure of £3.932 million, with a planned contribution from the Board’s reserves of £0.345 million. The budget requires efficiency savings of £0.097 million to balance it. The Joint Board has achieved efficiency savings of £0.328 million in 2020/21. The amount required to be saved in 2021/22 is not considered a significant risk to the budget.

45. The budget monitoring update presented to the June 2021 Joint Board meeting noted a forecast break-even position for the year-ended 31 March 2022.

Workforce planning

46. Employee costs comprise the greater part of the Joint Board’s annual expenditure (2020/21 66% of total expenditure). This should dictate that the Joint Board adopts a strategic approach to workforce and succession planning and that this should be closely related to the Joint Board’s other corporate strategies.

47. The Joint Board has recognised the need for a longer-term approach and established a workforce plan. This will help ensure it meets the demands placed on it by its stakeholders over the coming years. The plan covers the financial years 2020/21 – 2023/24.

48. The Joint Board will see an increase in its workload over the coming years including preparations for the first non-domestic rating revaluation in 2023 following the Barclay review. There is likely to be an increased demand for qualified chartered surveyors to ensure compliance with the recommendations of this review. The workforce plan has identified that several staff within the valuation section are eligible for retirement in the next few years. Taken together, there is the potential for capacity issues to arise in delivering future services and objectives.

49. To help management address and monitor the workforce requirements, in conjunction with the workforce plan, an action plan sits alongside this. This focusses on areas where significant change has been identified and where action is needed to deliver on core functions. The action plan identifies the number of staff needed for each of the core objectives together with actions to help achieve future workload priorities.

50. The Joint Board’s financial position is sustainable in the foreseeable future. There is an ongoing need for management to closely monitor the workforce. This will ensure capacity pressures do not negatively impact on the Joint

Board's ability to deliver its services and objectives. The development of a workforce plan should support management in this regard.

3. Governance arrangements and performance

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

Key messages

Governance and operational arrangements have been appropriately adjusted in light of the ongoing disruption caused by the Covid-19 pandemic.

The Joint Board's performance was impacted by the pandemic but historically it continues to perform well when compared with other Scottish valuation joint boards.

The annual governance statement includes appropriate disclosure of the impact Covid-19 had on the Joint Board's governance arrangements during 2020/21

51. A Local Code of Corporate Governance was approved by the Joint Board in March 2019. We reviewed the Local Code of Governance and concluded that it reflects the principles set out in the Delivering Good Governance in Local Government Framework (2016). Each year the Joint Board undertakes a review of its governance arrangements against these principles.

52. We concluded that the information in the annual governance statement is consistent with the financial statements and our knowledge of the Joint Board's operations.

53. Public bodies have had to quickly change how they deliver services in response to the ongoing Covid-19 outbreak and the related restrictions introduced. The widespread use of virtual working and the rapid introduction of new programmes and working practices create a range of potential financial risks and challenges to internal controls. In its annual governance statement, the Joint Board has made appropriate disclosure of the impact that Covid-19 has had on its governance arrangements in 2020/21 and the steps it has taken in response to this.

Good practice

The Joint Board was proactive in re-focussing its working practices for 2020/21. Its Business Continuity/Emergency Planning team was responsible for overseeing staff welfare, homeworking arrangements and reviewing the Board's ability to continue with its statutory responsibilities during the pandemic.

High-level systems of internal control operated effectively during 2020/21

54. South Lanarkshire Council, as host authority, provides support in some key areas of business, particularly in finance, legal and information technology. As part of our audit, we reviewed the high-level controls in a number of the systems used by South Lanarkshire Council for the processing and recording of transactions and the preparation of the annual accounts of the Joint Board.

55. Our overall conclusion was that the key controls within the council's main financial systems were operating satisfactorily, and no significant risks to the Joint Board were identified.

56. This view is supported by the Joint Board's internal audit function. Internal audit provides the Joint Board with independent assurance on risk management, internal control, and corporate governance processes.

57. The Internal Audit Manager's annual assurance statement concluded that a reasonable level of assurance could be placed on the adequacy and effectiveness of the Joint Board's framework of governance, risk management and control arrangements for the year ended 31 March 2021. This assurance has been disclosed in the Joint Board's annual governance statement.

The Joint Board's 2020/21 management commentary provides a good picture of its performance and operational activity for the year

58. The management commentary is intended to expand upon and provide clarity and context to the information in the annual accounts. Guidance emphasises that each body has scope for innovation and variation on how it "tells its story," the general principle is that it should provide "a fair, balanced and understandable" analysis of a body's performance to meet the needs of members and other stakeholders, including members of the public.

59. We concluded that the 2020/21 management commentary is consistent with our knowledge and experience of the organisation and presents a reasonable picture of the Joint Board's performance.

The Joint Board's performance was impacted by the pandemic but historically it continues to perform well when compared with other Scottish valuation joint boards

60. Service performance is measured by standard performance indicators agreed between that Scottish Government and the Scottish Assessors' Association. We assessed the Joint Board's published data against that of the other Scottish valuation joint boards.

61. We concluded that, in respect of adding new houses to the council tax valuation list, the Joint Board is performing above the national average and despite the pandemic, has been able to sustain this level of performance over the last three years, exhibit 5. The performance achieved was in line with targets as set out in the Joint Board's performance report.

Exhibit 5
Council tax – addition of new houses to the council tax list

		Average of comparator boards			Lanarkshire VJB		
	Year	2018/19	2019/20	2020/21	2018/19	2019/20	202/21
Achievement							
Within 3 months		93%	92%	83%	96%	96%	93%
Within 6 months		98%	97%	94%	99%	99%	98%

Source: Scottish Assessors Association – KPIs 2020/21

62. In respect of amendments to the valuation roll, the Joint Board's performance was significantly impacted by the pandemic. The business support grant scheme introduced by the Government to support businesses through the pandemic resulted in the Joint Board receiving many applications from organisations seeking to alter their valuation roll in response to the scheme. The Joint Board's performance in this area is marginally below the national average when compared with the other Scottish boards, exhibit 6. From review of the Joint board's historical performance, and given the mitigating circumstances in 2020/21, this is considered to be a one-off and does not in itself raise concerns of the Joint Board's performance.

Exhibit 6
Valuation roll – amendments to the valuation roll

		Average of comparator boards			Lanarkshire VJB		
	Year	2018/19	2019/20	2020/21	2018/19	2019/20	202/21
Achievement							
Within 3 months		67%	68%	54%	80%	84%	38%
Within 6 months		83%	82%	72%	90%	93%	66%

Source: Scottish Assessors Association – KPIs 2020/21

National performance reports

63. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. National performance reports, published in 2020/21, which may be of interest to members are listed at appendix 2.

Appendix 1. Significant audit risks

The table below sets out the audit risks we identified on the 2020/21 audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the financial statements and those relating to our wider responsibility under the Code of Audit Practice 2016.

Overarching financial statements and wider dimension risk

Audit risk	Assurance procedure	Results and conclusions
1. Impact of Covid-19 The Covid-19 disruption has had a fundamental impact on what and how services are delivered by the Joint Board. **Risk:** The impact of Covid-19 will have a pervasive effect on all aspects of the Joint Board's operations and presents a wide range of risks for the 2020/21 audit.	We will continue to monitor the governance arrangements, including any temporary measures put in place as a result of the pandemic. We will review the Joint Board's ongoing budget monitoring and medium to longer term financial planning in the context of the challenges and uncertainties it is facing because of Covid-19. We will continue to discuss our audit approach, and timetable with management during the year to agree on how we can work together to adapt and respond to the changing circumstances.	**Results:** The Joint Board's governance and operational arrangements have been appropriately adjusted in the light of the ongoing Covid-19 disruption. The Joint Board has in place effective financial reporting and budget monitoring arrangements. It has recently produced a workforce plan to aid in its longer-term financial plan. There were no delays to the annual accounts timetable. **Conclusion:** No issues were identified from our work in response to this risk.

Risks of material misstatements in the annual accounts

Audit risk	Assurance procedure	Results and conclusions
2. Risk of management override of controls International Auditing Standards require that audits are planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes the risk of fraud due to the management override of controls.	Detailed testing of journal entries. Review of accounting estimates. Focused testing of accruals and prepayments. Evaluation of significant transactions that are outside the normal course of business.	**Results:** Journal adjustments were tested, and no indications of management override of controls were found. Judgements and estimations applied were tested to confirm they were appropriate and reasonable. No issues were highlighted with the judgements and estimates applied. We tested accruals and prepayments and confirmed that income and expenditure was properly accounted for in the financial year. We reviewed transactions during the year – no issues highlighted of significant transactions outside the normal course of business. **Conclusion:** Other than issue 2 in exhibit 2, no issues were identified from our work in response to this risk.
3. Risk for expenditure fraud Audit Scotland's Code of Audit Practice requires that auditors should plan to address the risk that the financial statements may be materially misstated as a result of fraud.	Payroll expenditure (2019/20 66% of expenditure) is well forecast and will be reconciled to the payroll system, the risk of material misstatement is not significant. We will focus on non-pay expenditure. We consider any risk to be particularly prevalent around the year end and therefore focus our testing on cut-off of non-pay expenditure using analytical procedures on expenditure streams as appropriate.	**Results:** We obtained satisfactory explanations for any significant increases or decreases in expenditure. Satisfactory results were obtained from our testing of expenditure transactions. Our testing confirmed that expenditure was accounted for in the correct financial year. **Conclusion:** No issues were identified from our work in response to this risk.

Audit risk	Assurance procedure	Results and conclusions
4. Estimation and judgments There is a significant degree of subjectivity in the measurement and valuation of the pension liability included in the balance sheet. The value of the pension liability is an estimate based on information provided by management and actuarial assumptions.	Assessment of the appropriateness of the actuarial assumptions. Focused testing of pension disclosures.	**Results:** We assessed the reliability of the actuary and reviewed their work. Pension disclosures agreed in full to information from actuaries, or to financial records where applicable. **Conclusion:** No issues were identified from our work in response to this risk.

Wider dimension risk

Audit risk	Assurance procedure	Results and conclusions
5. Impact on performance There is a risk that there will be insufficient resources to meet the increased operational needs in relation to: • the recommendations arising from the Barclay review of non-domestic rates. • potential increased workload arising from the demands of the designated assessor responsibility in the valuation of electricity utilities. • inability to attract suitably qualified staff.	Review of workforce plan. Ongoing discussions with key client staff. Review of budget monitoring reports during the year and comment on the financial position within the annual audit report. Review of performance indicators.	**Results:** The Joint Board has developed a workforce plan covering 2020/21 – 2023/24 As noted in paragraphs 60 – 62, overall, the Joint Board's performance was not impacted by resourcing pressures. Although Covid-19 did affect performance relating to amendments to the valuation roll, this is considered an isolated issue. There was a budget underspend of £0.759 in in employee costs for 2020/21 partly due to vacant posts for which recruitment is ongoing. **Conclusion:** Although resource pressures remain, these did not negatively impact on the Joint Board's performance in 2020/21.
6. Scottish Parliamentary Elections Scottish Parliamentary Elections are scheduled for May 2021. A significant	Monitor Joint Board updates on preparation for the 2021 elections. Review budget monitoring reports to identify additional	**Results:** There was a significant increase in postal vote applications. These were processed timeously.

Audit risk	Assurance procedure	Results and conclusions
increase in registration and postal vote applications is expected. There is a risk that this increased workload, associated costs and the current software restrictions will impact on the requirements of the 2021 elections.	costs associated with the elections.	Additional funding of £0.352 million was received from the Scottish Government to support the anticipated increase in postal vote applications. However, the uptake was not as anticipated and £0.277 million of this funding has been returned to South Lanarkshire Council to hold in reserves on the Board's behalf. **Conclusion:** The Joint Board successfully dealt with the increased postal votes for the Scottish Parliamentary election that took place on 6 May 2021.

Appendix 2. Summary of 2020/21 national performance reports

April

Affordable housing

June

Highlands and Islands Enterprise: Management of Cairngorm mountain and funicular railway

Local government in Scotland Overview 2020

July

The National Fraud Initiative in Scotland 2018/19

January

Digital progress in local government

Local government in Scotland: Financial overview 2019/20

February

NHS in Scotland 2020

March

Improving outcomes for young people through school education

Lanarkshire Valuation Joint Board

Annual Audit Report 2020/21

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