

# Dunbartonshire and Argyll & Bute Valuation Joint Board

2017/18 Annual Audit Report



 AUDIT SCOTLAND

Prepared for the Dunbartonshire and Argyll & Bute Valuation Joint Board and the Controller of Audit  
26 September 2018

## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



## About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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# Contents

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Key messages	4
Introduction	5
Part 1 Audit of 2017/18 annual report and accounts	7
Part 2 Financial management	10
Part 3 Financial sustainability	12
Part 4 Governance and transparency	15
Part 5 Value for money	18
Appendix 1 Action plan 2017/18	20
Appendix 2 Significant audit risks identified during planning	23
Appendix 3 Summary of national performance reports 2017/18	24

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# Key messages

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## 2017/18 annual report and accounts

- 1 In our opinion the financial statements of Dunbartonshire and Argyll & Bute Valuation Joint Board (DABVJB) for 2017/18 give a true and fair view and were properly prepared and expenditure and income was in accordance with applicable enactments and guidance.
- 2 The audited part of the remuneration report, management commentary and the annual governance statement were all consistent with the financial statements.
- 3 We have issued an unqualified independent auditor's report on the Annual Accounts for 2017/18.

## Financial management

- 4 A deficit of £81,000 was expected for the year but the final outturn was a surplus of £58,000.
- 5 An underspend of £79,000 on employee costs due to vacancies not being filled and an underspend of £56,000 on supplies and services contributed to the difference between budget and actual in 2017/18.

## Financial sustainability

- 6 While DABVJB achieved financial balance in 2017/18, the 2018/19 financial plan is projecting a funding gap of £221,000. Declining reserves, rising demands and increasing costs will continue to put a strain on the Joint Board's capacity to deliver the current level of service.
- 7 The level of usable reserves is forecast to fall by the end of 2018/19. It is recommended that financial plans for future years are developed to ensure that the appropriate levels of reserves are maintained.

## Governance and transparency

- 8 The Joint Board has effective governance arrangements in place to support the scrutiny of decision making and developed a Local Code of Good Governance in 2017/18.
- 9 The Joint Board is open and transparent in the way it conducts its business; the public can attend meetings and access agendas and meeting papers on the Board's website.

## Value for money

- 10 We note that performance in respect of both the Valuation Roll for non-domestic properties and the Council Tax Valuation List for domestic properties exceeded targets, with a marked improvement in relation to Valuation Roll for non-domestic properties.

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# Introduction

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1. This report summarises the findings from our 2017/18 audit of Dunbartonshire and Argyll & Bute Valuation Joint Board (DABVJB).
2. The scope of the audit was set out in our Annual Audit Plan presented to the 16 March 2018 meeting of the Joint Board. This report comprises the findings from:
  - an audit of the annual accounts
  - consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) as illustrated in [Exhibit 1](#).

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## Exhibit 1

### Audit dimensions



Source: Code of Audit Practice 2016

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3. The main elements of our audit work in 2017/18 have been:
  - an interim audit of West Dunbartonshire Council's main financial systems and governance arrangements which are used by DABVJB
  - an audit of DABVJB's 2017/18 annual accounts including the issue of an independent auditor's report setting out our opinions.
4. DABVJB has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practice.
5. DABVJB is also responsible for compliance with legislation, putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.

**6.** Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the [Code of Audit Practice \(2016\)](#) and supplementary guidance, and International Standards on Auditing in the UK.

**7.** As public-sector auditors, we provide an independent auditor's report on the annual report and accounts. We also review and report on the arrangements within DABVJB to manage its performance and use of resources such as money, staff and assets. Additionally, we consider DABVJB's best value arrangements. In doing this, we aim to support improvement and accountability.

**8.** Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#).

**9.** This report raises matters from the audit of the annual accounts and consideration of the audit dimensions. The 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.

**10.** Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes progress on actions from last year.

**11.** We confirm that we comply with the Financial Reporting Council's Ethical Standard. We have not undertaken any non-audit related services and therefore the 2017/18 audit fee of £7,110 as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

### **Adding value through the audit**

**12.** Our aim is to add value to DABVJB by providing insight and foresight on financial sustainability and by identifying areas of improvement and recommending and encouraging good practice. In so doing, we aim to help the DABVJB promote improved standards of financial planning, better management and decision making.

**13.** This report is addressed to the Joint Board and the Controller of Audit for Scotland and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

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

# Part 1

## Audit of 2017/18 annual report and accounts



### Main judgements

**In our opinion, DABVJB's financial statements give a true and fair view and were properly prepared; expenditure and income was in accordance with applicable enactments and guidance.**

**The audited part of the remuneration report, management commentary and the annual governance statement were all consistent with the financial statements.**

### Audit opinions on the annual report and accounts

**15.** The annual report and accounts for the year ended 31 March 2018 were approved by the Joint Board on 26 September 2018. We reported, within our independent auditor's report:

- an unqualified opinion on the financial statements
- the audited part of the remuneration report, management commentary and annual governance statement were all consistent with the financial statements and properly prepared in accordance with the accounts direction
- we have nothing to report in respect of those matters which we are required by the Accounts Commission to report by exception.

The annual report and accounts are the principal means of accounting for the stewardship of its resources and its performance in the use of those resources.

### Submission of annual report and accounts for audit

**16.** We received the unaudited annual report and accounts on 30 May 2018 which was earlier than the audit timetable set out in our 2017/18 Annual Audit Plan.

**17.** The unaudited annual report and accounts provided for audit were complete and of a good standard and finance staff provided good support to the audit team which helped ensure the final accounts audit process ran smoothly.

### Risks of material misstatement

**18.** [Appendix 2](#) provides a description of areas we assessed as being at risk of material misstatement at the planning stage, how we addressed them and our conclusions thereon. These risks influenced our overall audit strategy, the allocation of staff resources to the audit and how the efforts of the audit team were directed.

### Materiality

**19.** Misstatements are material if they could reasonably be expected to influence the economic decisions of users taken based on the financial statements. When deciding on what is material we consider both the amount and nature of the misstatement.

**20.** We carried out our initial assessment of materiality for the annual report and accounts during the planning phase of the audit. On receipt of the annual report and accounts, we reviewed our planning materiality calculations and amended them slightly to reflect the 2017/18 financial statement values and these are summarised in [Exhibit 2](#).

## Exhibit 2

### Materiality values

Materiality level	Amount
Overall materiality	£31,000
Performance materiality	£24,000
Reporting threshold	£1,200

### How we evaluate misstatements

**21.** There were no material adjustments to the unaudited financial statements arising from our audit outwith the pension adjustment in Exhibit 3 below. There was one error totalling £9,366 identified which was above our reporting threshold and this was adjusted by officers. This required amendment of a note to the accounts but had no impact on the financial statements.

**22.** It is our responsibility to request that all misstatements, other than those below the reporting threshold, are corrected. The final decision on this lies with those charged with governance considering advice from senior officers and materiality. All errors identified were adjusted by management.

### Significant findings from the audit (ISA 260)

**23.** International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance and there is one matter which is summarised in [Exhibit 3](#) below.

## Exhibit 3

### Significant findings from the audit of the financial statements

Finding	Resolution
<p><b>1. Revised estimate of net pension liability</b></p> <p>International Accounting Standard 19 – Employee Benefits requires all organisations to disclose information on pension liabilities in their financial statements. Each year actuaries provide reports to all UK public sector organisations which have pension liabilities. These reports are typically prepared prior to the financial year-end with an estimate included for the final month. Each year, the estimated figures are compared with actual movements. This year, due to significant fluctuations in stock markets in 2018, material differences were noted between the estimated and actual performance. As a consequence of this, we estimated that there was a significant risk of</p>	<p>The financial statements were amended to record the adjustment of £375,000. They now reflect the actuary’s best estimate of the pension liability as at 31 March 2018.</p>

Finding	Resolution
<p>material understatement of the pension fund assets figure in the unaudited accounts.</p> <p>To comply with International Auditing Standards, the audit team advised the board to request an updated actuary's report and to amend the financial statements for any material difference. The revised actuary's report indicated that assets had been undervalued by £375,000.</p>	

## Going concern

**24.** The financial statements of DABVJB have been prepared on the going concern basis. No issues were identified with the assessment of going concern.

## Other findings

**25.** Our audit identified a number of presentational and disclosure issues which were discussed with management. These were adjusted and reflected in the audited annual report and accounts.

## Follow up of prior year recommendations

**26.** We have followed up actions previously reported and assessed progress with implementation, these are reported in [Appendix 1](#) and identified by the prefix b/f (brought forward).

**27.** In total, two agreed actions were raised in 2016/17 and both have been fully implemented.

## Objections

**28.** The Local Authority Accounts (Scotland) Regulations 2014 require local government bodies to publish a public notice on its website that includes details of the period for inspecting and objecting to the accounts. This must remain on the website throughout the inspection period. DABVJB complied with the regulations.

# Part 2

## Financial management



### Main judgements

**Net expenditure outturn during the year was lower than budgeted and resulted in a surplus of £58,000.**

**The Board recognises the difficult financial climate and has achieved efficiencies in a number of areas.**

### Financial performance in 2017/18

**29.** In February 2017 DABVJB approved its budget for 2017/18. Total budget expenditure was £2.692 million and total budget income was £2.611 million. This resulted in a forecast deficit of £81,000 which would need to be met through the use of reserves.

**30.** Actual outturn for the year was total expenditure of £2.633 million and total income of £2.691 million. This resulted in a surplus of £58,000 for the year.

**31.** The largest source of income was requisitions from members of the Joint Board. This was £2.611 million in 2017/18 which was a 2% reduction from 2016/17.

**32.** The surplus of £58,000 reported in the Management Commentary differs from the deficit of £549,000 reported in the Comprehensive Income and Expenditure Statement (CIES) due to statutory financial adjustments arising such as pension benefits. A reconciliation has been provided within the annual accounts to explain the adjustments.

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively

### Budgetary monitoring and control

**33.** Budgets are approved by the Joint Board and budget monitoring updates are provided at each meeting of the board. The budget monitoring updates provide details on variances against the budget and forecast year-end positions. This allows members and officers to consider actions to mitigate projected over-spends.

### Internal controls

**34.** As part of our audit, we identify and inspect the key internal controls in those accounting systems which we regard as significant for the production of the financial statements. Our objective is to gain assurance that DABVJB has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements.

**35.** The systems in place at DABVJB are hosted by West Dunbartonshire Council and were assessed as part of that audit. As part of the council audit we concluded that the key controls were operating effectively. Overall, no significant control weaknesses were identified which could affect the council's, and, by extension, DABVJB's, ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.

## Prevention and detection of fraud

**36.** We have responsibility for reviewing the arrangements put in place by management for the prevention and detection of fraud. We reviewed DABVJB's arrangements including policies and codes of conduct for staff and elected members, whistleblowing, and fraud prevention.

**37.** Based on the evidence reviewed by us, we concluded that the DABVJB has adequate arrangements in place for the prevention and detection of fraud.

# Part 3

## Financial sustainability



### Main judgements

While DABVJB achieved financial balance in 2017/18, a funding gap of £221,000 is projected in 2018/19 to be met in part from reserves. It is recommended that financial plans are developed going forward and that the balance held in reserves continues to be reviewed.

The Joint Board's financial position has been managed through the use of reserves. However, declining reserves, rising demands, increasing costs and unchanged requisition income will continue to place a strain on the Joint Board's capacity to deliver the current level of service.

### Financial planning

38. We reviewed the financial planning arrangements and assessed how effective they are in identifying and addressing risks to financial sustainability across the medium and long term.

39. In June 2018, DABVJB approved a Service Plan for 2018-2021 which reflects the strategic aims, and operational and legislative requirements of the organisation over that period.

40. DABVJB also has a Financial Strategy which includes a high level financial plan and indicative budgets until 2027/28 based on an unchanged level of funding in absolute terms from the contributing councils and estimated costs.

41. In each subsequent year of the plan, DABVJB will require to achieve efficiency savings as use of reserves in the longer term is unsustainable. Most of the savings required in 2019/20 and beyond have yet to be identified.

Financial sustainability looks forward to the medium and long term to consider whether the Joint Board is planning effectively to continue to deliver its services or the way in which they should be delivered



#### Recommendation 1

**The Joint Board should ensure that financial plans are developed identifying how budget gaps will be met to ensure that the appropriate levels of reserves are maintained in future years.**

### Funding position

42. DABVJB is facing a number of challenges in maintaining a sustainable financial position in future. These include rising demands for services, increasing costs of services and unchanged requisition funding.

43. The Joint Board approved its 2018/19 budget in March 2018 with proposed total expenditure of £2.832 million. The requisitions from member authorities in 2018/19 are unchanged from 2017/18 at £2.611 million.

44. Plans to address the gap of £221,000 include identification of £64,000 of other income and a transfer of £157,000 from usable reserves.

45. Given the current economic climate and, with a view to seeking future efficiencies, the Joint Board has agreed that expressions of interest in voluntary early retirement (VER) and voluntary severance (VS) are sought in 2018/19.



## Recommendation 2

**When considering the potential efficiencies derived from the VER/VS exercise, DABVJB should ensure that it is sufficiently resourced to maintain appropriate levels of service delivery.**

## Reserves

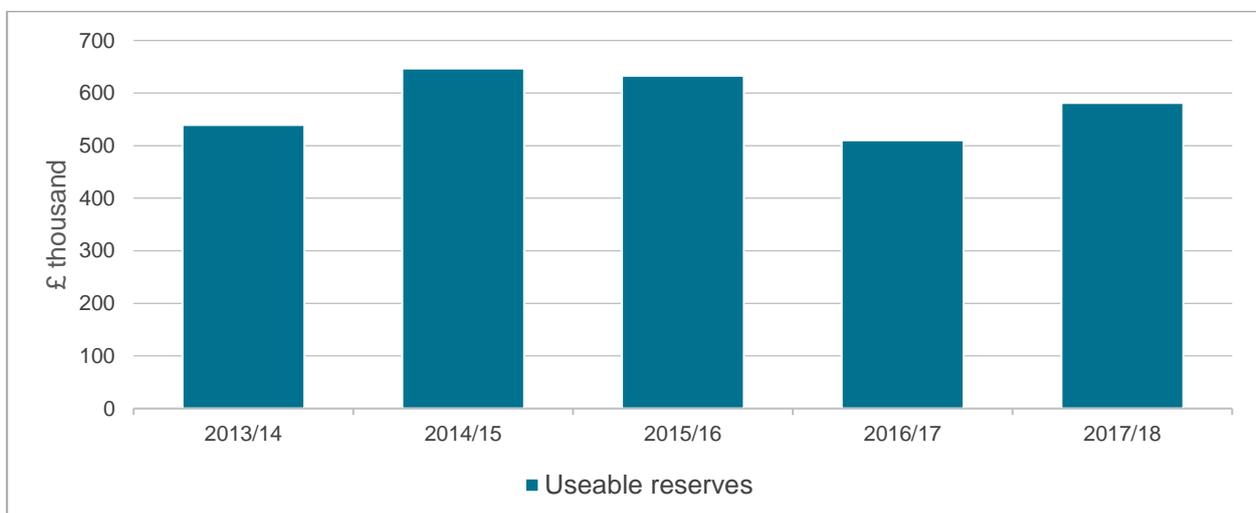
46. Like all joint boards, DABVJB has no specific powers to retain reserves to meet future requirements and technically the amounts held are due to local authorities. These balances are used to support medium-term financial planning and address any unforeseen costs.

47. In 2017/18, the overall level of usable reserves held by DABVJB increased by £71,000 (14%). The closing balance of £581,000 is 21% of 2017/18 budgeted expenditure. Officers have assessed this as being a prudent level to protect against unforeseen costs.

48. [Exhibit 3](#) provides an analysis of total usable reserves over the last five years. The total usable reserves balances due to member authorities increased in 2017/18. However, DABVJB forecasts that the level of usable reserves at the end of the 2018/19 financial year will reduce to £394,000. This, however, is in line with the Joint Board's Prudential Policy which requires reserves of the higher of £100,000 or 2% of budget. It is recommended that the balance held in reserves continues to be reviewed to ensure there are sufficient funds to address ongoing demand on services.

## Exhibit 4

### Analysis of usable reserves over last five years



Source: DABVJB annual accounts and report 2013/14 – 2017/18

## Other matters

**49.** The Barclay Review of non-domestic rates recommended that Assessors across Scotland should provide more transparency and consistency of approach. If this could not be achieved voluntarily, it was proposed that the Scottish Assessors Association (SAA) should become a statutory body accountable to Ministers and statutory powers would be transferred from local independent Assessors to the SAA.

**50.** An Action Plan was developed by the SAA and was delivered to Scottish Ministers in September 2017. The SAA has also implemented an Issues Log where perceived issues raised by stakeholders regarding the services provided by Assessors across Scotland will be recorded and follow-up action detailed.

**51.** The Barclay Review also recommended a number of changes to the rating system which will impact on the operations of DABVJB. The recommendation to move to three-yearly revaluation cycles (from the current position of five years) has been accepted by the Scottish Government and represents the most significant change for Assessors. It will have significant impact on the Assessors' resources, requiring structural changes to manage the information gathering, valuation and appeal stages within a reduced timeframe. Primary legislation is anticipated in 2019 with the change likely to be implemented from the next revaluation in 2022.



### Recommendation 3

**The Joint Board should continue to monitor the impact of the Barclay Review on DABVJB and ensure that plans are developed to manage the resultant changes.**

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# Part 4

## Governance and transparency



### Main Judgements

**The Joint Board has effective governance arrangements in place to support the scrutiny of decision making.**

**The Joint Board is open and transparent in the way it conducts its business; the public can attend meetings and access agendas and meeting papers on the Board's website**

### Governance arrangements

**52.** Members and management of DABVJB are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and for monitoring the adequacy and effectiveness of these arrangements.

**53.** We concluded that DABVJB has effective governance arrangements which provide an appropriate framework for organisational decision-making.

**54.** As part of our audit work, we reviewed lease agreements in place to ensure that the documentation was up to date. At the time of our audit, a tacit agreement was in operation with a customer, although officers have given us assurance that this is monitored by the board.

### Transparency

**55.** Transparency means that the public has access to understandable, relevant and timely information about how DABVJB is taking decisions and how it is using resources such as money, people and assets.

**56.** There is evidence from a number of sources which demonstrates DABVJB's commitment to transparency:

- Members of the public can attend Joint Board meetings and minutes of the meetings and supporting papers are readily available through DABVJB's website.
- The Joint Board's website allows the public to access a wide range of information on corporate policies, targets and performance.
- The Joint Board makes its annual accounts available on its website. These include a management commentary which provides details of performance against budget, information on the use of reserves and risks and uncertainties facing the Joint Board.

**57.** Overall, we concluded that the Joint Board conducts its business in an open and transparent manner.

**Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making and transparent reporting of financial and performance information.**

## Internal audit

**58.** Internal audit provides senior management and elected members with independent assurance on DABVJB's overall risk management, internal control and corporate governance processes.

**59.** The internal audit function is carried out by West Dunbartonshire Council's internal audit team. We carried out a review of the adequacy of the Council's internal audit function and concluded that it operates in accordance with the Public Sector Internal Audit Standards (PSIAS).

**60.** To avoid duplication of effort, we place reliance on the work of internal audit wherever possible. In 2017/18 we reviewed audit reports relevant to our work to help with our understanding of the systems and processes in place.

## Management commentary, annual governance statement and remuneration report

**61.** The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 requires Joint Boards to prepare and publish, along with their financial statements, a management commentary, an annual governance statement and a remuneration report that are consistent with the disclosures made in the financial statements. The management commentary should be fair, balanced and understandable and also clearly address the longer-term financial sustainability of the body.

**62.** Based on our knowledge and work performed, we concluded that the management commentary and annual governance statement are consistent with the financial statements. The management commentary is comprehensive and detailed, and the board should ensure that this remains appropriate going forward.

**63.** The table in the remuneration report showing employees who earned over £50,000 indicates that the increase in the number shown from last year to this year is due to 14 payment runs in 2017/18. This table has been calculated on a cash basis and should have been calculated on an accruals basis. The table does not accurately reflect those employees who earn over the threshold for disclosure in the remuneration report.



### Recommendation 4

**Officers should ensure that this disclosure is completed on an accruals basis, in line with guidance and the rest of the remuneration report**

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## General Data Protection Regulation

**64.** The new General Data Protection Regulations (GDPR) came into force on 25 May 2018. This replaced the UK Data Protection Act 1998. As a Regulation, all EU member states must implement it in the same way. GDPR sets out further requirements than the DPA and has introduced new and significantly changed data protection concepts.

**65.** GDPR introduces a wide range of new rights for individuals in respect of their personal data. These include the right to be forgotten, the right to object to certain processing activities and to decisions taken by automated processes. Failure to comply with new GDPR data handling arrangements could result in significant fines being levied.

**66.** DABVJB has revised its Data Protection Policy to incorporate the changes in regulations and appointed a Data Protection Officer.

- 67.** DABVJB has reviewed and amended the contracts with their data processors and key suppliers and a number of data sharing agreements are in place.
- 68.** The new legislation requires that all data subjects are aware of how their information will be used and DABVJB have created Privacy Notices which are available on their website.
- 69.** All DABVJB staff, with the exception of those on long-term absence, have received training sessions about the GDPR changes to Data Protection and an e-learning module is available to staff.
- 70.** DABVJB is continuing to monitor its compliance with these new regulations and this is reflected in the inclusion of GDPR within the Board's risk register.
- 71.** Overall, DABVJB has made good progress in implementing the required changes to ensure compliance with the new regulations.

# Part 5

## Value for money



### Main judgements

Performance management information is reported at each Joint Board meeting.

The Board exceeded its 0-3-month targets for additions and amendments to the Council Tax Valuation List and the Valuation Roll for non-domestic properties.

### Best Value

**72.** Best value is a key factor to consider when planning policies, programmes and projects and when taking any spending decisions. DABVJB should have systems and processes to ensure that it can demonstrate that it is delivering best value by assessing and reporting on the economy, efficiency, effectiveness and equality in service provision.

### Following the public pound

**73.** Local government bodies have a statutory responsibility to comply with the Accounts Commission / COSLA Code of Guidance on funding external bodies and following the public pound.

**74.** The Joint Board's financial regulations state that it will continuously strive to secure best value for money and economy, efficiency and effectiveness in their use of resources.

### Performance management

**75.** A review of the Board's Customer Satisfaction procedures was carried out and changes were implemented with effect from April 2018.

**76.** A market review of insurance services and options available to the Joint Board was completed in 2017/18 to provide assurance that best value was being achieved.

**77.** The Board has developed a new Service Plan for the period 2018– 2021 and a 10-year Financial Strategy and updated the Data Protection Policy.

**78.** The Board is responsible for maintaining and updating the Council Tax Valuation List and Valuation Roll for non-domestic properties. In 2017/18, it exceeded its 0-3-month targets for additions and amendments to the List and the Roll respectively.

**79.** Performance reports are provided to members. These reports are detailed and provide performance information on DABVJB's functions. Annual public performance reports are published, and the 2016/17 Public Performance Report was published on DABVJB's website.

Value for money is concerned with using resources effectively and continually improving services.

## National performance audit reports

**80.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2017/18, a number of reports were issued which are of direct interest to the Joint Board. These are outlined in [Appendix 3](#).

**81.** The Assessor and Depute Assessor attend the Scottish Assessors Association Governance Committee where reports of interest (including relevant Audit Scotland reports) are discussed and information disseminated. Any key risks are then shared with the Joint Board.

# Appendix 1

## Action plan 2017/18

### 2017/18 recommendations for improvement



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p><b>Financial sustainability</b></p> <p>It is anticipated that net expenditure will exceed constituent contributions during 2018/19. There is a risk of insufficient levels of reserves being maintained in the longer term if cost efficiencies are not identified or funding levels are not increased.</p> <p><b>Risk</b></p> <p>If savings options are not identified or funding levels are not increased, the Board may need to use reserves to close future budget gaps and reserves may not be maintained at an appropriate level.</p>	<p>The Joint Board should ensure that financial plans for future years are developed and the balance held in reserves continues to be reviewed.</p>	<p>The Board recognises the financial position and agreed the 2018/19 budget with a planned use of reserves to balance the budget. The Board will continue to set its budget in a sustainable manner.</p> <p>Responsible officers: Assessor and Treasurer</p> <p>Ongoing</p>
2	<p><b>VER/VS exercise</b></p> <p>Expressions of interest in Voluntary Early Release and Voluntary Severance are being sought in 2018/19.</p> <p><b>Risk</b></p> <p>That service delivery is adversely impacted as consequence of staff being released.</p>	<p>Whilst considering the potential efficiencies derived from the VER/VS exercise, DABVJB should ensure that service delivery requirements continue to be met.</p>	<p>Service provision will be given full consideration at all times, particularly in relation to any release of staff under VER/VS</p> <p>Responsible officers: Assessor and ERO</p> <p>Ongoing</p>
3	<p><b>Barclay Review on Non-Domestic Rates</b></p> <p>The recommendations from this report could have far reaching implications on the Joint Board.</p>	<p>The Joint Board should ensure that plans are developed to manage the resultant changes in order to maintain satisfactory performance and operational output.</p>	<p>The changes to be introduced subsequent to the Barclay report will remain the primary focus for change in relation to the delivery of NDR services.</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	<p><b>Risk</b></p> <p>The change to three yearly revaluations will increase the workload of DABVJB and there is a risk that there will be insufficient resources to meet the operational needs of the Joint Board.</p>		<p>Project plans will be developed and managed by the Management Team.</p> <p>Responsible officer: Assessor</p> <p>Agreed date: Project Plan to be drafted following publication of primary legislation (expected March 2019).</p> <p>Resources required will be kept under constant review and, depending on the financial impact, any additional resource from Scottish Government may require discussions with constituent councils regarding level of requisition.</p> <p>Responsible officers: Assessor and Treasurer</p> <p>Agreed date: Ongoing</p>
4	<p><b>Remuneration Report</b></p> <p>The table in the remuneration report showing employees who earned over £50,000 shows an increase from last year. This is due to the timing of the board's payment runs in 2017/18. This table is presented on a cash basis instead of an accruals basis.</p> <p><b>Risk</b></p> <p>The table does not accurately reflect those employees who earned over the threshold for disclosure in the remuneration report.</p>	<p>The board should ensure that satisfactory arrangements are put in place to produce this table on an accruals basis in line with guidance.</p>	<p>Further Reports will be presented on an accruals basis.</p> <p>Responsible officer: Treasurer</p> <p>Agreed date: May 2019</p>
<b>Follow up of prior year recommendations</b>			
b/f 1	<p><b>Medium-term financial planning</b></p> <p>Although indicative budgets cover a three-year period, members are not provided with scenarios on savings or service options.</p> <p><b>Risk</b></p>	<p>We recommend that scenario planning over the medium to long-term is carried out and key messages from that planning are presented to members.</p>	<p>A Financial Strategy providing indicative budgets for a 10-year period and presenting a number of scenarios was developed and approved in March 2018.</p> <p>Action complete</p>


**No. Issue/risk**
**Recommendation**
**Agreed management action/timing**

That there is insufficient information to inform decision-making.

b/f 2 **Local Code of Good Governance Arrangements**

The requirement in 2016/17 for the VJB to develop and publicly report on their compliance with their Local Code was not completed.

**Risk**

DABVJB did not adopt the requirements of the Delivering Good Governance Framework in 2016/17.

We recommend that DABVJB develop a Local Code and publicly report on their compliance with this Code for 2017/18.

The Joint Board approved their Local Code of Good Governance in March 2018. Annual self-assessment of compliance with this Code was completed in 2017/18. An action plan has been produced and reported to the Board.

Action complete

# Appendix 2

## Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the 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 annual report and accounts and those relating our wider responsibility under the [Code of Audit Practice 2016](#).

Audit risk	Assurance procedure	Results and conclusions
<b>Risks of material misstatement in the financial statements</b>		
<p><b>1 Risk of management override of controls</b></p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.</p>	<p>Detailed testing of journal entries.</p> <p>Review of accounting estimates.</p> <p>Focused testing of accruals and prepayments.</p> <p>Evaluation of significant transactions that are outside the normal course of business.</p>	<p>Our audit procedures did not uncover evidence of management override of controls.</p>
<p><b>2 Risk of fraud over expenditure</b></p> <p>Most public-sector bodies are net expenditure bodies and therefore the risk of fraud is more likely to occur in expenditure.</p>	<p>Detailed testing of expenditure transactions focusing on the areas of greatest risk.</p>	<p>Our audit procedures did not uncover any evidence of fraud over expenditure.</p> <p>Our conclusion is that DABVJB has arrangements in place to minimise the risk of fraud over expenditure.</p>

# Appendix 3

## Summary of national performance reports 2017/18

		 <b>2017/18 Reports</b>	
		Apr	
		May	
Common Agricultural Policy Futures programme: further update		<b>Jun</b>	 Scotland's colleges 2017
		Jul	 NHS workforce planning
Self-directed support: 2017 progress report		<b>Aug</b>	
Equal pay in Scottish councils		<b>Sept</b>	
Transport Scotland's ferry services		<b>Oct</b>	 NHS in Scotland 2017
Local government in Scotland: Financial overview 2016/17		<b>Nov</b>	
		Dec	
		Jan	
Early learning and childcare		<b>Feb</b>	
Managing the implementation of the Scotland Acts		<b>Mar</b>	

### Local government relevant reports

[Equal pay in Scottish Councils – September 2017](#)

[Local government in Scotland: Financial overview 2016/17 - November 2017](#)

# Dunbartonshire and Argyll & Bute Valuation Joint Board

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