

Lanarkshire Valuation Joint Board

3 September 2018

Lanarkshire Valuation Joint Board Audit of 2017/18 annual accounts

1. Our work on the Annual Accounts is now substantially complete. Subject to the receipt of revised Annual Accounts for final review, we anticipate being able to issue an unqualified independent auditor's report following approval of the Annual Accounts by the Joint Board. The proposed independent auditor's report is attached at appendix A.
2. We also present for your consideration our proposed Annual Audit Report on the 2017/18 audit. International Standard on Auditing (UK) 260 (Communication with those charged with governance) requires auditors to report specific matters arising from the audit of the Annual Accounts to those charged with governance in sufficient time to enable appropriate action. Within the proposed Annual Audit Report (page 7), the section headed "Audit of the 2017/18 Annual Accounts" sets out the issues which we consider require to be drawn to your attention.
3. The Annual Audit Report will be issued in its final form after the Annual Accounts has been approved for issue and the Independent Auditor's Report has been certified.
4. In presenting this report to the Joint Board we also seek confirmation that we have been informed of:
 - any instances of actual, suspected or alleged fraud.
 - any events that have occurred since 31 March 2018 which could have a significant impact on the Annual Accounts.
 - any instances of non-compliance with legislation.
5. We are required to report to those charged with governance, all unadjusted misstatements, other than those of a trivial nature, and request that they be corrected. We confirm that all there were no monetary errors which required to be corrected.
6. International Standard on Auditing (UK) 580 (Management representations) requires auditors to obtain representations on certain matters from management. Accordingly, as part of the completion of our audit we seek written assurances from the Treasurer on aspects of the Annual Accounts and the judgements and estimates made. A draft letter of representation is attached at appendix B; this should be reviewed for accuracy and any proposed amendment discussed with us. Once satisfied, the letter should be signed and returned by the Treasurer with the signed Annual Accounts.

APPENDIX A: Proposed Independent Auditor's Report

Independent auditor's report to the members of Lanarkshire Valuation Joint Board and the Accounts Commission

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Lanarkshire Valuation Joint Board for the year ended 31 March 2018 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the 2017/18 Code).

In my opinion the accompanying financial statements:

- give a true and fair view, in accordance with applicable law and the 2017/18 Code, of the state of affairs of Lanarkshire Valuation Joint Board as at 31 March 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Lanarkshire Valuation Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Lanarkshire Valuation Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Treasurer and Lanarkshire Valuation Joint Board for the financial statements

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the Lanarkshire Valuation Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Lanarkshire Valuation Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements.

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of my auditor's report.

Other information in the annual accounts

The Treasurer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Dave Richardson FCCA
Senior Audit Manager
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place,
Glasgow, G2 1BT

3 September 2018

APPENDIX B: Letter of Representation

Dave Richardson
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
Nelson Mandela Place
Glasgow
G2 1BT

Dear Dave

Lanarkshire Valuation Joint Board Annual Accounts 2017/18

1. This representation letter is provided in connection with your audit of the Annual Accounts of Lanarkshire Valuation Joint Board for the year ended 31 March 2018 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Lanarkshire Valuation Joint Board, as at 31 March 2018 and its comprehensive net expenditure for the year then ended.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Joint Board, the following representations given to you in connection with your audit of Lanarkshire Valuation Joint Board for the year ended 31 March 2018.

Legality of financial transactions

3. The financial transactions of Lanarkshire Valuation Joint Board are in accordance with the relevant legislation and regulations governing its activities. All known or possible non-compliance with laws and regulations whose effects should be considered when preparing Annual Accounts have been disclosed to you, together with any actual or contingent consequences which may arise.

Financial reporting framework

4. The Annual Accounts have been prepared in accordance with Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and the provisions of the Local Government (Scotland) Act 1973.
5. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of Lanarkshire Valuation Joint Board for the year ended 31 March 2018.

Accounting policies and estimates

6. All material accounting policies adopted are as shown in the Statement of Accounting Policies included in the financial statements. The appropriateness of these policies has been reviewed, and takes account of the requirements set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

7. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

Going concern

8. I have assessed Lanarkshire Valuation Joint Board's ability to carry on as a going concern and concluded that it is appropriate to prepare the financial statements on a going concern basis.

Related party transactions

9. All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24.

Assets

10. The Joint Board does not own any assets, other than assets with a value of less than the de minimus value. The de minimus value is £6,000.

Liabilities

11. All liabilities have been provided for in the Balance Sheet, including the liabilities for all purchases to which title has passed prior to 31 March 2018.

Carrying value of assets and liabilities

12. The assets and liabilities have been recognised, measured, presented and disclosed in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18. There are no plans or intentions that are likely to affect the carrying value or classification of the assets and liabilities in the financial statements.

Provisions and contingent liabilities

13. I have considered the need for provisions and/or contingent liabilities in the financial statements and concluded that there are no material liabilities which have resulted or may be expected to result, by legal action or otherwise, from events which had occurred by 31 March 2018 and of which Joint Board could reasonably be expected to be aware.

Accruals

14. I have assessed the method of calculating accruals and consider it appropriate and confirm that a firm obligation to make the expenditure exists.

Exit packages

15. No exit packages were granted to any staff member during the year to 31 March 2018.

Remuneration Report

16. The remuneration report has been prepared in accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2011 and Scottish Government finance circular 8/2011 and includes all specified remuneration for relevant council officers and all elected members.

Corporate governance

17. I acknowledge, as the officer with responsibility for the proper administration of the Joint Board's financial affairs under section 95 of the Local Government (Scotland) Act 1973, my responsibility for the systems of internal control and I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.
18. The corporate governance arrangements have been reviewed and the disclosures I have made are in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2018, which require disclosure.
19. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

General

20. I acknowledge my responsibility and that of Lanarkshire Valuation Joint Board for the Annual Accounts. All of the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by Lanarkshire Valuation Joint Board have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.
21. Disclosure has been made in the financial statements of all matters necessary to give a true and fair view of the financial position of Lanarkshire Valuation Joint Board as at 31 March 2018 and the income and expenditure for the year then ended.
22. The information given in the narrative reports supporting the financial statements, including the Management Commentary, Annual Governance Statement and Remuneration Report, presents a balanced picture of Lanarkshire Valuation Joint Board and is consistent with the financial statements.
23. I confirm that I am not aware of any uncorrected misstatements.

Events subsequent to the date of the Balance Sheet

24. There have been no material events since the date of the balance sheet which would require the revision of the figures in the financial statements or notes thereto.
25. Since the date of the balance sheet no events or transactions have occurred which, though properly excluded from the accounts, are of such importance that they should be brought to your notice.

Yours sincerely

Paul Manning

Treasurer to the Lanarkshire Valuation Joint Board