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## Lanarkshire Valuation Joint Board

22 February 2023

### Update on the 2022/23 audit of Lanarkshire Valuation Joint Board

1. The purpose of this letter is to provide members with an update on the 2022/23 audit of Lanarkshire Valuation Joint Board (the Joint Board). Covid-19 has continued to impact on the completion of the 2021/22 audits with ongoing extensions to statutory deadlines. This, along with the changeover in the appointed auditor, has impacted on the timing of our planning work on our 2022/23 audits.

2. Our planning work on the 2022/23 audit of the Joint Board is at an early stage. Therefore, we are not able to present our Annual Audit Plan at the Joint Board meeting on 6 March 2023. We have included this Audit Strategy Letter to update members on progress and highlight key audit matters. Following the conclusion of our audit planning procedures, we will issue a copy of the Annual Audit Plan to officers and members of the Joint Board by 31 March 2023.

#### Risks

3. Our preliminary planning work has identified the following significant risks that requires specific audit considerations.

- **Risk of material misstatement due to management override of controls:** International Standard on Auditing 240 (ISA 240) require that audits are planned to consider the risk of material misstatement in the financial statements caused by 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 to change the position disclosed in the financial statements.

4. Our Annual Audit Plan will include any further risks identified from our planning work and outline our response to all identified risks.

#### Audit Fee

5. The proposed baseline audit fee for the 2022/23 audit is £8,800 (2021/22: £7,820). Our fees have increased in 2022/23 and this is a reflection of the current audit market and the rising costs in delivering high quality audit work. There are increased regulatory expectations and risks placed on audit and its quality.

6. In setting the fee for 2022/23 we have assumed that the Joint Board has effective governance arrangements and will prepare comprehensive and accurate accounts for audit in line with the agreed timetable for the audit. The audit fee assumes there will be no major change in respect of the scope of the audit during the year and where our audit cannot proceed as planned, a supplementary fee may be levied.

## Audit Timetable

7. As outlined in paragraph 1, Covid-19 has continued to impact on the timings of our 2022/23 audit planning. We are working towards issuing the independent auditor's report and Annual Audit Report by the statutory deadline of 30 September 2023. However, we acknowledge this may not be achievable due to ongoing pressures. We will maintain a pragmatic and flexible approach to the audit and will continue to have discussions with management and the Convener of the Joint Board around the progress of our work and any changes that may be required to the target dates outlined in [Exhibit 1](#).

### Exhibit 1 Audit outputs

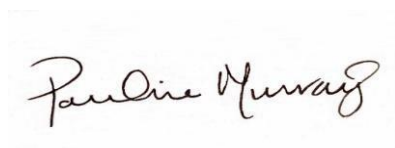
Audit Output	Target date	Joint Committee date
Annual Audit Plan	31 March 2023	<i>To be circulated to members by 31 March 2023 and presented at meeting of the Joint Board on 5 June 2023</i>
Independent Auditor's Report	30 September 2023	4 September 2023
Annual Audit Report	30 September 2023	4 September 2023

Source: Audit Scotland

## Independence and Objectivity

8. 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 also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has robust arrangements in place to ensure compliance with these standards including an annual "fit and proper" declaration for all members of staff. The arrangements are overseen by the Executive Director of Innovation and Quality who serves as Audit Scotland's Ethics Partner.

9. The engagement lead (i.e. appointed auditor) for the Joint Board is Pauline Murray, Senior Audit Manager. Auditing and ethical standards require the engagement lead to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of the Joint Board.



Pauline Murray  
Senior Audit Manager

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