

Notice of Meeting and Agenda

Monday 1 September 2014 at 10 am
in the City Chambers, High Street, Edinburgh

1 Order of Business

Including any notices of motion and any other items of business submitted as urgent for consideration at the meeting.

2 Declaration of Interests

Members should declare any financial and non-financial interests they have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest.

3 Minute of the Lothian Valuation Joint Board of 27 June 2014
(circulated) – submitted for approval as a correct record

4 Assessor's Quarterly Report to the Joint Board - report by the Assessor and Electoral Registration Officer (circulated)

5 Period 4 Financial Statements 2014-2015 - report by the Treasurer
(circulated)

Sue Bruce
Chief Executive and Clerk

Membership

The City of Edinburgh Council (9)

Councillor Bagshaw
Councillor Doran
Councillor Ricky Henderson
Councillor Howat
Councillor Keil
Councillor McInnes
Councillor McVey
Councillor Rust
Councillor Work (Convener)

Midlothian Council (2)

Councillor Bryant
Councillor Russell

West Lothian Council (3)

Councillor King
Councillor McCarra
Councillor Robertson (Vice-Convener)

East Lothian Council (2)

Councillor Gillies
Councillor Hampshire

Notes:

- (1) If you have any questions about the agenda or meeting arrangements, please contact Lesley Birrell | Governance Service - Committee Services | Legal, Risk and Compliance | Corporate Governance | City of Edinburgh Council | Business Centre 2:1 | Waverley Court | 4 East Market Street | Edinburgh | EH8 8BG | tel 0131 529 4240 | email lesley.birrell@edinburgh.gov.uk
- (2) A copy of the agenda and papers for this meeting will be available for inspection prior to the meeting at the Main Reception Office, City Chambers, High Street, Edinburgh.
- (3) The agenda, minutes and public reports for this meeting can be viewed online by going to www.edinburgh.gov.uk/meetings. Members and Officers of the City of Edinburgh Council can also view them by going to the Orb home page and clicking on Committee Business.



Please recycle this paper

Lothian Valuation Joint Board

Edinburgh, 27 June 2014

Present:

City of Edinburgh Council – Councillors Bagshaw, Doran, Howat, Keil, McInnes, McVey and Rust.

East Lothian Council – Councillor Gillies.

Midlothian Council – Councillor Bryant.

West Lothian Council – Councillors McCarra and Robertson (Vice-Convener).

1 Chair

In the absence of the Convener (Councillor Work), the Vice-Convener (Councillor Robertson) chaired the meeting.

2 Minute

Decision

To approve the minute of the Lothian Valuation Joint Board of 17 March 2014 as a correct record.

3 Internal Audit Annual Report

An update was given of the work undertaken by internal audit for the financial year 2013/14.

Internal Audit and the Lothian Valuation Joint Board management team had undertaken a review of the corporate governance arrangements within the Board against best practice and concluded that the arrangements were fully compliant. Action plans had been agreed with management on all recommendations made within the reports issued by the Internal Auditor and appropriate follow-up arrangements had been put in place.

A statement of assurance and annual governance statement had been issued.

Decision

- 1) To note the report.
- 2) To note the annual governance statement as set out in Appendix 2 of the report.

(Reference – report by the Chief Internal Auditor, submitted)

4 Unaudited Financial Statements for the Year Ended 31 March 2014

The unaudited financial statements for the year ended 31 March 2014 were presented together with a report by the Treasurer highlighting the key issues raised in the accounts.

The financial statements had been prepared in accordance with the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards (IFRS). The outturn for the year showed an underspend of £0.117m.

The final accounts would be submitted to a future meeting of the Board on completion of the External Audit.

Decision

- 1) To note the report and unaudited financial statements for 2013-14.
- 2) To note that the statements would be re-presented to the Board on completion of the external audit.
- 3) To approve the retention or refund to constituent councils of the £0.117m underspend from 2013/14.

(Reference – report by the Treasurer, submitted.)

5 Treasury Management Annual Report 2013/14

The annual treasury management report for 2013/14 was presented. Net end of month balances for the financial year were also reported.

Decision

To note the report.

(Reference – report by the Treasurer, submitted)

6 Performance Report 2013/14

Performance information relating to the work of the Valuation Service in 2013/14 was submitted. Key Performance Indicators for the work of Assessors in Scotland were in place for Valuation Roll and Council Tax and were submitted annually to the Scottish Government.

Internal performance standards were also set for staff with monitoring carried out on an ongoing basis and formally assessed in line with the Performance Review and Development policy.

Lothian Valuation Joint Board
27 June 2014

Decision

To note the performance information.

(Reference – report by the Assessor and Electoral Registration Officer, submitted)

7 Proposed Meeting Arrangements 2014/15

Decision

To approve the schedule of meetings for the period to June 2015 as follows:

Monday 1 September 2014	10:00am	Edinburgh
Monday 17 November 2014	10:00am	Edinburgh
Monday 9 February 2015 (Revenue Budget)	10:00am	Edinburgh
Monday 16 March 2015	10:00am	Edinburgh
Monday 22 June 2015 (Unaudited Accounts)	10:00am	Edinburgh

ASSESSOR'S QUARTERLY PROGRESS REPORT TO THE JOINT BOARD



1 September 2014

1.0 PURPOSE OF REPORT

To advise and update members as to the service overview and priorities, current issues and the future direction of the Joint Board.

2.0 ELECTORAL REGISTRATION SERVICE OVERVIEW AND PRIORITIES

2.1 Electoral Registration – Service Overview 1st April 2014 – 22nd August 2014

2.1.1 Absent Voters List

As at the publication of the Registers on 10th March 2014 the number of postal voters on the list was 103,859 compared to the current number which stands at 123,604. This surge in postal votes can be attributable in part to the European Election held in May but mainly to the Referendum. The current number of postal voters across the 4 constituent councils are approximately;-

- East Lothian 14,930
- Edinburgh 73,078
- Midlothian 12,292
- West Lothian 23,304

2.1.2 Rolling Registration

Since the register publication date, during the rolling registration update periods, my staff processed a total of 24,202 additions to the register, 19,205 removals and 3,814 amendments. To allow comparison to normal registration activity the number processed during the same period in 2013 was 9,844 additions to the register, 8,623 removals and 341 amendments. There has therefore been a significant increase in electoral activity.

2.1.3 European Parliamentary Election

The administration of the registers for the election progressed well with all tasks completed on time. The number of eligible electors on the Lothian registers for the election was

613,445 including 122,044 who opted for postal votes. A total of 7,576 electors were added to the register for the election by the closing date for applications.

2.1.4 Scottish Independence Referendum

The temporary canvassers have been canvassing households where no electors were registered and also trialling the use of Tablets for electronic engagement with a view to encouraging electronic registration from 19th September onwards. During the month of August almost 20,000 households have been canvassed across the Lothians with over 1,200 registration applications completed at the door.

Call centre staff are currently answering telephone calls relating to the Scottish Independence Referendum and have proved invaluable in this regard. Call numbers to my office have reached in excess of 2,000 per day during the past 3 weeks reaching a peak on the few days after poll card delivery.

Mail items arriving in my office have reached in excess of 3,000 per day during the last few weeks with many of the items being applications for postal or proxy voting. We have again had problems with some organisations holding applications and not providing timeously to me as required.

The workload and priorities have been extremely closely monitored with priorities across the organisation being reassessed on a daily basis. Staff have worked overtime in the evenings and at weekends to ensure that all communications are answered, all registration applications applied and all postal votes processed.

The Referendum has generated an exceptionally high volume of work and I am very pleased to say that my staff have willingly given their time and their commitment to ensuring all work items are processed appropriately.

2.1.5 Transition to Individual Electoral Registration (IER)

The preparations towards the introduction of Individual Electoral Registration are almost complete.

I have now received a certificate of PSN compliance which will permit me to carry out confirmation of electors with the Department of Work and Pensions database through a government digital service hub.

Due to the ongoing need for door to door enquiries to be carried out at numerous stages of the IER write out it has been necessary to review staffing requirements for this task. I have employed 12 temporary canvassers for one year to ensure that I have sufficient staff available to carry out this statutory duty. The staff have been in place since 14th July with a view to improving the completeness of the registers prior to the introduction of IER.

The transition to IER will undoubtedly cause confusion for many electors. The Electoral Commission are required to carry out appropriate publicity and provide educational

materials to the electorate, this however may prove to be insufficient to deal with the probable confusion that will arise. In preparation for an expected surge in telephone calls I have recruited 10 call centre staff and installed appropriate telephone monitoring equipment. The call centre staff commenced employment on 28th July for a period of seven months.

The final staffing resource that I have reviewed is mail room support. I have recruited 2 staff again for a period of seven months to ensure the efficient workflow of mail items into and out of my office.

Expected key dates for electors

- 19th September 2014; IER commences and all applications to register must have elector personal identifiers provided and must be submitted to the Department of Work and Pensions for verification.
- 15th October 2014; Expected first postal delivery of IER forms and letters to electors and households.

2.2 Electoral Registration – Service Priorities September 2014 – December 2014

2.2.1 The service priorities over the next 3 months

- Update the Referendum register to amend registration data by the 2nd September for elector changes and 3rd September for Postal Vote changes;
- Update Polling lists to ensure appropriate names are marked as postal or proxy electors;
- Ensure Postal Vote data is provided to Returning Officers of the 4 constituent councils to enable verification of PV statements;
- Provide electoral service to the 4 Returning Officers and the electorate up to and including the Referendum day;
- Continue to carry out personal door to door canvass of targeted Lothian properties;
- Ensure the transition to Individual Electoral Registration is as efficient as possible;
- Send electoral data to the DWP for data matching on 22nd September 2014;
- Send appropriate communication to all electorate around 15th October 2014;
- Process all applications and answer all electoral enquiries emanating from the IER write out;
- Send reminder letters and forms as required by statute.

3.0 COUNCIL TAX OVERVIEW AND PRIORITIES

3.1 Council Tax – Service Overview 1st April 2014 – 22nd August 2013

3.1.1 Council Tax – New Dwellings

As at 1st April 2014 there were 399,276 chargeable dwellings in Lothian which has risen very slightly to 400,583 as at 22nd August 2014, an increase of 1,307 dwellings in 4½ months. This figure can be compared to the same period in 2013 where 1,229 dwellings were added.

3.1.2 Council Tax – Altered Bands

During the period, as a result of alterations carried out prior to the date of sale and re-appraisal of bandings, the bandings of 77 dwellings have been altered which compares to 66 altered bands during the same period in 2013.

3.1.3 Council Tax – Altered Houses with no sales

During the period, the records of 1,136 dwellings have been updated, as a result of alteration work being carried out to existing dwellings compared to 549 dwellings during the same period in 2013. As previously reported the updated information should improve the time taken to alter the bands of any altered dwellings which are subsequently sold and also ensure preparation for any future revaluation or property tax.

3.1.4 Council Tax – Proposals and Appeals

The numbers of Council Tax proposals/appeals outstanding continues to stand at reasonable levels. As at 1st April 2014 there were 67 cases outstanding. As at 22nd August 2014 there were 76 cases outstanding. Appeal hearings continue to be arranged regularly to ensure the disposal of cases at least equates to the number received thus maintaining low numbers outstanding.

3.2 Council Tax – Service Priorities September 2014 – December 2014

The main service priorities in Council Tax are as normal:-

- Continue improvement on the time taken between completion of new dwellings and the insertion of the dwelling in the Council Tax List in accordance with performance targets;
- Continue improvement on the time taken between the sale of houses which have been altered and the date their Council Tax Band is changed;
- Update my records by carrying out the survey of Council Tax subjects which have been altered and not sold;
- Continue to resolve proposals and appeals against Council Tax banding;

4.0 NON DOMESTIC RATING OVERVIEW AND PRIORITIES

4.1 Non-Domestic Rating – Service Overview 1st April 2014 – 22nd August 2014

4.1.1 2010 Revaluation Appeals

The number of 2010 Revaluation appeals outstanding at Lands Tribunal has reduced slightly with agreement on value reached for 17 subjects. The remaining appeals are expected to be heard in the next 18 months.

4.1.2 Running Roll

My professional and technical staff have continued to survey and value subjects that have been newly constructed, altered or demolished. From 1st April 2014 to 22nd August 2014, there have been 644 additions, 642 valuation alterations and 332 deletions. This can be compared to the previous period in 2013 where there was 431 additions, 1,211 valuation alterations and 323 deletions.

4.1.3 Running Roll Appeals

During the period 1st April to 22nd August 2014 409 appeals have been resolved. As at 22nd August the number of outstanding running roll appeals stood at 475. Courts to deal with this type of appeal are scheduled to continue through the rest of the calendar year.

4.2 Non-Domestic Rating – Service Priorities September – December 2014

The service priorities in Non-Domestic Rating are:-

- Prepare cases as may be required by the Valuation Appeal Committee;
- Schedule and action the disposal of running roll appeals;
- Survey and value new property or alterations to existing properties to ensure the Valuation Roll is as complete and accurate as possible;
- Continue to update databases with rent, cost, turnover and throughput information to ensure analysis is as complete and accurate as possible.

5.0 HUMAN RESOURCES AND OFFICE MANAGEMENT

5.1 UNISON

Regular JCC meetings continue to be held.

Policies are timetabled for review to ensure that all policies meet current legal, management and staff requirements.

5.2 Staffing

As stated previously I have employed 12 temporary canvass staff for a period of 12 months commencing 14th July 2014, 10 temporary call centre staff plus 2 temporary mail support staff for a period of 7 months commencing 28th July 2014.

I have recruited a trainee valuer who commenced work on 28th July 2014.

I have received a resignation from one of my admin assistants who will leave my organisation on 2nd October. I intend to fill this post.

5.3 Equalities

Analysis and collection of staff data continues with a view to improve the data I hold to ensure the submitted equality outcomes can be met.

6.0 RISK MANAGEMENT

6.1 Risk Registers

The job specific risk registers continue to be updated at each service meeting ensuring that all risks are considered and mitigated as soon as practicable. The strategic risk register continues to be reviewed and updated on a regular basis.

6.2 Information Technology

My IT team have been heavily involved in hardware, software and premises security measures required by the Cabinet Office for individual electoral registration and I am pleased to say that we attained PSN accreditation in July.

In preparation for IER my IT team have installed large screen double monitors to aid the processing of A3 forms. They have installed appropriate printing, scanning and mail room machinery to cope with the different form size and increased mailings.

7.0 BUILDING ISSUES

7.1 Building Maintenance

I continue to have problems with my office building and also problems in having issues rectified by the landlord. I commissioned Mitsubishi to carry out a full report on the air conditioning system which has been ineffective since occupation. Their report gives details of a major installation error which should be rectified by the replacement of all pipework.

The report was provided to the landlord on 23rd July 2014 and I still await a response with how the matter can be rectified.

8.0 FINANCIAL IMPLICATIONS

There are no financial implications arising from this report.

8.0 RECOMMENDATIONS

As there are no financial implications, nor approvals sought, the Joint Board is requested to note the contents of this report.

**Joan M Hewton
ASSESSOR & ERO**

22 August 2014

Period 4 Financial Statement 2014/15

1st September 2014

1 Purpose of report

This report summarises the projected revenue budget outturn position to 31st March 2015, based on the position at period ending 31st July 2014. The report has been prepared in consultation with the Assessor.

2 Main Report

Projected Revenue Outturn 2014/15

2.1 The table below compares projected revenue outturn 2014/15 with the budget. The forecast variance, based on the position at 31st July, is an under spend of £0.011m. The table below details forecasts against the core revenue budget and Individual Electoral Registration (IER) income/expenditure that is subject to specific grant funding.

	Core Budget			IER Budget			Total		
	Budget £'000	Forecast £'000	Variance £'000	Budget £'000	Forecast £'000	Variance £'000	Budget £'000	Forecast £'000	Variance £'000
Expenditure									
Employee costs	4,562	4,530	(32)	0	0	0	4,562	4,530	(32)
Premises costs	629	612	(17)	0	0	0	629	612	(17)
Transport costs	103	104	1	0	0	0	103	104	1
Supplies & Services	695	715	20	0	0	0	695	715	20
Third Party Payments	95	116	21	700	700	0	795	816	21
Support Services	80	65	(15)	0	0	0	80	65	(15)
Gross Expenditure	6,164	6,142	(22)	700	700	0	6,864	6,842	(22)
Income									
Sales, Fees & Charges	(43)	(32)	11	0	0	0	(43)	(32)	11
IER Grant	0	0	0	(700)	(700)	0	(700)	(700)	0
Interest	(3)	(3)	0	0	0	0	(3)	(3)	0
Total income	(46)	(35)	11	(700)	(700)	0	(746)	(735)	11
Net Expenditure	6,118	6,107	(11)	0	0	0	6,118	6,107	(11)

Forecasts to 31st March 2015

2.2 At this stage, the projected outturn against the core budget indicates a forecast spend of £6.107m which would result in a net under spend of £0.011m. The principal reasons for the variance are as follows:

- (a) **Employee cost - under spend £0.032m**
This is due to the ongoing review of vacant posts.
- (b) **Premises costs - under spend £0.017m**
This is mainly due to a projected under spend on utilities costs.
- (c) **Supplies and Services – over spend £0.020m**
This is mainly due to increased levels of publicity for electoral registration relating to the Scottish Independence Referendum.

- (d) **Third Party Payments - over spend £0.021m**
This is a result of a higher than anticipated activity of the Valuation Appeals Committee.
- (e) **Support Services – under spend £0.015m**
The forecast has been based on the outturn for 2013/14. This will be reviewed later in the year when information becomes available for 2014/15.
- (f) **Income (sales, fees and charges) – under recovery £0.011m**
This is an early estimate based on current income and the outturn for 2013/14. This will be reviewed later in the year, mainly in relation to sales of the electoral register which occurs during the final quarter of the financial year.

Individual Electoral Registration – funding available 2014/15; £0.7m

- 2.3 The table below details the one-off funding available for IER. The current forecast assumes that IER grant will either be fully spent during 2014/15 or any balance carried forward in to 2015/16. A review of costs will be carried out as part of the development of the 2015/16 revenue budget. This will seek to identify one-off costs and costs of a recurring nature that will impact on the 2015/16 budget.

Income	£'000
IER Grant funding 2014/15	594
IER Capital Hardware funding 2014/15	26
IER Grant funding carried from 2013/14	80
Total	700

- 2.4 Voluntary Early Release (VERA) and Redundancy Schemes were approved by the Board at its meeting on 4th February 2011.
- 2.5 In terms of Section 58 of the Local Government (Scotland) Act 1973, the Board has no specific power to retain reserves; however the Board has previously approved the retention of unspent funding contributions from constituent councils to meet future costs associated with early release measures, and, subject to further Board approval, any future unforeseen costs. The Board approved the retention of under spends for the four year period 2010-2014 totalling £0.514m. A drawdown of £0.093m was made during 2013/14, leaving a balance of £0.421m.

3 Conclusions

- 3.1 At this stage, there is a projected net under spend of £0.011m relating to Financial Year 2014/15.
- 3.2 The Board has no power to establish a general reserve; however a creditor has been set-aside to cover the cost of staffing early release measures. The balance available to the Board at 31st July 2014 is £0.421m.

4 Recommendations

- 4.1 The Board is recommended to note the projected outturn position for 2014/15.

**Hugh Dunn,
Treasurer.**

Background Papers:

Held at the Office of Treasurer

Report to those charged with governance on the 2013/14 audit

Audited Body:	Lothian Valuation Joint Board
Committee:	Lothian Valuation Joint Board
Date:	01 September 2014

Background

1. International Standard on Auditing (UK and Ireland) 260 (ISA 260) requires auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
2. This report sets out for the Lothian Valuation Joint Board's consideration the matters arising from the audit of the financial statements for 2013/14 that require to be reported under ISA 260. We are drawing to your attention those matters we think are worthy of note, so that you can consider them before the financial statements are approved and certified. It should be noted that the audit opinion reflects recent discussions with management and is subject to satisfactory conclusion of any outstanding matters.
3. We also present for your consideration our draft annual report on the 2013/14 audit which identifies significant findings from the financial statements audit. This report is attached at Appendix C and will be issued in final form after the financial statements have been certified.

Status of the work

4. Our work on the financial statements is now substantially complete. The issues arising from the financial statements audit were included in a matters arising schedule issued to and discussed at a meeting with the Principal Accountant on 14 August 2014.

Fraud

5. In presenting this report to the Lothian Valuation Joint Board we seek confirmation from those charged with governance of any instances of fraud that have arisen that should be brought to our attention. A specific confirmation from management in relation to fraud has been included in the draft letter of representation.

Audit opinion and representations

6. Subject to the satisfactory conclusion of any outstanding matters and receipt of a revised set of financial statements for final review, we anticipate being able to issue an unqualified auditor's report in September 2014 (the proposed report is attached at [Appendix A](#)). There are no anticipated modifications to the audit report.

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7. We are required to report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature which we regard as errors less than £1,000.
 8. A number of presentational and monetary adjustments were identified within the financial statements during the course of our audit. These were discussed with senior finance officers who agreed to amend the unaudited financial statements. The net effect of these adjustments was to increase total comprehensive expenditure by £6,600. Net assets as recorded in the balance sheet have decreased by £6,600.
 9. We therefore have no unadjusted misstatements to bring to your attention.
 10. As part of the completion of our audit we seek written assurances from the Treasurer on aspects of the financial statements and judgements and estimates made. A draft letter of representation under ISA580 is attached at Appendix B. This should be signed and returned by the Accountable Officer with the signed financial statements prior to the independent auditor's opinion being certified.

Significant findings

11. During the course of the audit we identified the following issues within the unaudited financial statements.
12. **Amortisation of intangible assets:** In line with normal accounting practices, the Board amortises assets over their expected useful life, with depreciation being charged in the first financial year after acquisition and then each subsequent year. In 2012/13, the Board purchased a number of software licences at a cost of £66,000. No depreciation was included within the unaudited 2013/14 accounts on the basis that these licences have no expiry date. However the software is likely to have a finite life before it or the platform it operates on becomes obsolete.

Resolution: A maximum asset life of 10 years has been assessed as reasonable for these licences. An adjustment has been made in the accounts to record depreciation of £6,600 in 2013/14. The effect of this adjustment is to reduce assets by £6,600 and increase net expenditure by £6,600. The accounting policies narrative at note 1.9 has been updated to reflect this asset life consideration.

13. **Impairment of non current assets:** As part of an impairment review during the year, two assets with a total net book value of £7,373 were identified as being obsolete and were scrapped. The assets were written down to nil values through accelerated depreciation in the unaudited accounts. However the gross value and accumulated depreciation related to the assets are still reflected within the values disclosed in notes 7 and 8 to the unaudited financial statements.

Resolution: Adjustments have been made to the comprehensive income and expenditure statement and notes to the accounts to reflect the disposal of the two assets. The cost of service has been reduced by £7,373 to reflect the reversal of accelerated depreciation, and other comprehensive expenditure has increased by the same amount to recognise the loss on

disposal of the asset. The net impact on the total comprehensive income and expenditure for the year is nil. In addition, the property, plant and equipment gross book value and depreciation balances at 31 March 2014 in note 7 have reduced by £6,387 to reflect the de-recognition of the assets. Similarly, the intangible assets gross book value and depreciation balances at 31 March 2014 in note 8 have reduced by £8,850. These adjustments have no impact on the net assets in the balance sheet.

14. **De-recognition of non current assets:** Between 2006/07 and 2007/08, the Board purchased property, plant and equipment with a value of £208,941 and intangible assets with a value of £38,131. These assets have been fully depreciated within the unaudited financial statements, and have a net value of nil, however their gross book values and accumulated depreciation are reflected in notes 7 and 8 of the unaudited financial statements. As noted in our Annual Audit Plan for 2013/14, the level of detail recorded in the asset register for pre 2008 assets makes it difficult to separately identify and account for them. Following the recent ICT refresh in 2013, and in response to audit queries as part of the financial statements audit, officers have reviewed the equipment and software utilised in the delivery of service and concluded that the assets purchased between 2006 and 2008 are obsolete and have been replaced, and should therefore be derecognised in the financial statements.

Resolution: Adjustments have been made in the notes to the accounts to reflect the de-recognition of the obsolete equipment and software. The property, plant and equipment gross book value and depreciation balances at 31 March 2014 in note 7 have reduced by £208,941. Similarly, the intangible assets gross book value and depreciation balances at 31 March 2014 in note 8 have reduced by £38,131. As the assets have been fully depreciated, no loss arises on their de-recognition. These adjustments have no impact on the net assets in the balance sheet, or the comprehensive income and expenditure account.

15. **Accounts payable debit balances:** Trade receivables within the unaudited balance sheet include £79,000 of debit balances on the trade payables ledger. The 2012/13 trade receivables included £43,000 of debit balances on the trade payables ledger. These relate to credit notes received from suppliers in relation to previous orders for goods and services. These credit notes would normally be applied to the next order placed with the supplier.
16. Officers have reviewed a number of the more substantive ledger postings relating to these credit notes and have identified that they were mis-coded to the Lothian Valuation Joint Board accounts payable ledger when they should have been coded to City of Edinburgh Council. This has resulted in an understatement in the holding account balance with City of Edinburgh Council.

Resolution: Short term debtors in the financial statements have reduced by £79,000 short term creditors have increased by £17,000 and cash and cash equivalents have increased by £96,000, to reflect the increase in the holding account balance with City of Edinburgh Council. The 2012/13 short term debtors have reduced by £43,000, short term creditors have increased by £40,000 and cash and cash equivalents have increased by £83,000. The impact on both the net asset position and the comprehensive income and expenditure account is nil. A prior year adjustment note has been added to the audited accounts to explain the

adjustment made. Officers will process the necessary ledger journals in 2014/15 to remove these transactions from the Board's accounts payable ledger.

Outstanding matters

17. **Letter of Representation:** The formal Letter of Representation is required prior to the auditor's certification of the financial statements.
18. **Revised financial statements:** A revised set of financial statements reflecting the agreed adjustments is required for audit review.
19. Subject to satisfactory conclusion of these outstanding matters we will issue our audit opinion along with the signed financial statements and the annual audit report. The attached draft annual report on the 2013/14 audit will be updated to reflect the impact of any unresolved outstanding matters prior to issue in final form e.g. audit opinion.

APPENDIX A: Proposed Independent Auditor's Report

Independent auditor's report to the members of Lothian Valuation Joint Board and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Lothian Valuation Joint Board for the year ended 31 March 2014 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and the related notes. 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 2013/14 (the 2013/14 Code).

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 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Treasurer and auditor

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of

performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2013/14 Code of the state of the affairs of Lothian Valuation Joint Board as at 31 March 2014 and of the income and expenditure of the group and the body 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 2013/14 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 1985; and
- the information given in the Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

[Signature]

Stephen O'Hagan
Senior Audit Manager
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

September 2014

Appendix B: ISA 580 - Letter of Representation

Stephen O'Hagan
Senior Audit Manager
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear Stephen

Lothian Valuation Joint Board

Annual Accounts 2013/14

1. This representation letter is provided in connection with your audit of the financial statements of Lothian Valuation Joint Board for the year ended 31 March 2014 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of Lothian Valuation Joint Board as at 31 March 2014 and its income and expenditure for the year then ended.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Assessor and Senior Management Team, the following representations given to you in connection with your audit of Lothian Valuation Joint Board for the year ended 31 March 2014.

General

3. I acknowledge my responsibility and that of Lothian Valuation Joint Board for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by Lothian 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.
4. The information given in the Annual Report to the financial statements, including the Foreword, Annual Governance Statement and Remuneration Report, presents a balanced picture of Lothian Valuation Joint Board and is consistent with the financial statements.

-
5. I am not aware of any uncorrected misstatements in the financial statements. All misstatements identified in the auditor's report to those charged with governance (ISA260) have been corrected.

Financial Reporting Framework

6. The financial statements have been prepared in accordance with Code of Practice on Local Authority Accounting in the United Kingdom 2013/14, and in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and the Local Authority Accounts (Scotland) Regulations 1985 including all relevant presentation and disclosure requirements.
7. 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 Lothian Valuation Joint Board for the year ended 31 March 2014.

Accounting Policies & Estimates

8. All material accounting policies adopted are as shown in the Statement of Accounting Policies included in the financial statements. The continuing appropriateness of these policies has been reviewed since the introduction of IAS 8 and on a regular basis thereafter, and takes account of the requirements set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.
9. 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

10. The Board has assessed Lothian Valuation Joint Board's ability to carry on as a going concern, as identified in the Statement of Accounting Policies, and have disclosed, in the financial statements, any material uncertainties that have arisen as a result.

Related Party Transactions

11. 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, as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Events Subsequent to the Balance Sheet Date

12. There have been no material events since the date of the Balance Sheet which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.
13. Since the date of the Balance Sheet no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

Corporate Governance

14. I acknowledge as Treasurer my responsibility for the corporate governance arrangements. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.
15. 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 2013/14. There have been no changes in the corporate governance arrangements or issues identified, since the 31 March 2014, which require disclosure.

Fraud

16. 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.

Assets

17. The assets shown in the Balance Sheet at 31 March 2014 were owned by Lothian Valuation Joint Board, other than assets which have been purchased under operating leases. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Liabilities and Contingent Liabilities

18. All liabilities have been provided for in the books of account, including the liabilities for all purchases to which title has passed prior to 31 March 2014.
19. There are no contingent liabilities arising either under formal agreements or through informal undertakings requiring disclosure in the financial statements.

Carrying Value of Assets and Liabilities

20. 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 2013/14. There are no plans or intentions that are likely to affect the carrying value of classification of the assets and liabilities within the financial statements.

-
21. Obsolete and scrapped assets have been identified and de-recognised within the financial statements.

Financial Instruments

22. The information disclosed at note 9 of the financial statements (Financial Instruments) has been based on information provided by the City of Edinburgh Council Loans Fund. I have assessed the information provided and I am satisfied that the accounting, presentation and disclosure of this note are properly stated and are in accordance with the Code requirements. I confirm that all transaction costs in respect of financial instruments were immaterial and were written off to the Comprehensive Income and Expenditure Statement as incurred.

Provisions

23. There are no provisions that require to be made in the accounts for any material liabilities which have resulted, or may be expected to result, by legal action or otherwise, from events which had occurred by the balance sheet date, and of which the Lothian Valuation Joint Board could reasonably be expected to be aware.

Commitments

24. There are no commitments under capital contracts. There are no other significant commitments or obligations which might adversely affect the board which require to be disclosed.

Yours sincerely

Hugh Dunn

Treasurer

Appendix C

Lothian Valuation Joint Board

Draft Annual report on the 2013/14 audit



Prepared for Lothian Valuation Joint Board and the Controller of Audit
September 2014

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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Key Messages

2013/14

We have given an unqualified opinion that the financial statements of Lothian Valuation Joint Board for 2013/14 give a true and fair view of the state of the body's affairs and of its net expenditure for the year.

A number of issues were identified during the course of our audit around the recognition and carrying value of assets in the financial statements presented for audit and adjustments were made to the audited financial statements.

Overall the Board's arrangements for the prevention and detection of fraud were satisfactory during 2013/14. From our work performed on, and review of Internal Audit's work on, the key controls within the main financial systems, we concluded that the Board's systems of internal control are operating effectively.

Outlook

Whilst the Board continues to demonstrate its financial sustainability on the basis of its financial position and its 2 year budget report for 2014-2016, the financial position of the Board going forward remains challenging. Flat cash budget projections along with continuing cost pressures around staffing costs will require close management of other expenditure areas, at a time when the Board will be facing resource challenges around the ongoing impact of the introduction of Individual Electoral Registration, potential legislative changes arising from the Scottish Government's response to the consultation "Supporting Business-Promoting Growth" and possible future changes to the Council Tax. Close monitoring of expenditure during the year will be required to identify and address any potential budget pressures or overspends at an early stage.

Introduction

1. This report is the summary of our findings arising from the 2013/14 audit of Lothian Valuation Joint Board. The purpose of the report is to set out concisely the scope, nature and extent of the audit. It summarises our opinions (i.e. on the financial statements) and conclusions on significant issues arising.
2. The report also reflects our overall responsibility to carry out an audit in accordance with the public sector audit model which is based on the Code of Audit Practice prepared by Audit Scotland (May 2011). This sets out the wider dimensions of the public sector audit which involves not only the audit of the financial statements but also consideration of areas such as financial performance and corporate governance. An audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements prepared by management; however this does not relieve management of their responsibilities in this respect. This report has been prepared for the use of Lothian Valuation Joint Board and no responsibility to any third party is accepted.
3. Appendix A sets out the key audit risk identified at the planning stage and details how we addressed this risk in arriving at our opinion on the financial statements.
4. Appendix B is an action plan setting out the high level risks we have identified from the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "planned management action". We do not expect all risks to be eliminated or even minimised. What we expect is that Lothian Valuation Joint Board understands its risks and has arrangements in place to manage these risks. Members should ensure that they are satisfied with the proposed management action and have a mechanism in place to assess progress.
5. This report is also addressed to the Controller of Audit and will be published on our website after consideration by the Lothian Valuation Joint Board.

Financial statements

Conduct and scope of the audit

6. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in the Annual Audit Plan presented to the Lothian Valuation Joint Board on 17 March 2014, and follow the requirements of the Code of Audit Practice prepared by Audit Scotland in May 2011.
7. As part of the requirement to provide full and fair disclosure of matters relating to our independence we can confirm that we have not undertaken non-audit related services. The 2013/14 agreed fee for the audit was disclosed in the Annual Audit Plan and as we did not require to carry out any additional work outwith our planned audit activity this fee remains unchanged.

Audit opinion & accounting issues

8. We have given an unqualified opinion that the financial statements of Lothian Valuation Joint Board for 2013/14 give a true and fair view of the state of the body's affairs and of its net expenditure for the year. The audit opinion was formally issued and signed on **xx September 2014**.
9. We received the unaudited financial statements on 18 June 2014 in accordance with the agreed timetable. The working papers were of a high standard and the staff provided good support to the audit team and we completed our on-site fieldwork on 19 August 2014. Lothian Valuation Joint Board is required to follow the 2013/14 Code of Practice on Local Authority Accounting in the United Kingdom and we can confirm that the financial statements have been properly prepared in accordance with these accounting requirements.

Significant findings and key judgements (ISA260)

10. During the course of the audit we identified a number of issues regarding the appropriateness of accounting policies or accounting estimates and judgements, the timing of transactions, the existence of material unusual transactions or the potential effect on the financial statements of any uncertainties.
11. **Amortisation of intangible assets:** In line with normal accounting practices, the Board amortises assets over their expected useful life, with depreciation being charged in the first financial year after acquisition and then each subsequent year. In 2012/13, the Board purchased a number of software licences at a cost of £66,000. No depreciation was included within the unaudited 2013/14 accounts on the basis that these licences have no expiry date. However the software is likely to have a finite life before it or the platform it operates on becomes obsolete.

Resolution: A maximum asset life of 10 years was assessed as reasonable for these licences. An adjustment was made in the accounts to record depreciation of £6,600 in

2013/14. The effect of this adjustment was to reduce assets by £6,600 and increase net expenditure by £6,600. The accounting policies narrative at note 1.9 was updated to reflect this asset life consideration.

12. **Impairment of non current assets:** As part of an impairment review during the year, two assets with a total net book value of £7,373 were identified as being obsolete and were scrapped. The assets were written down to nil values through accelerated depreciation in the unaudited accounts. However the gross value and accumulated depreciation related to the assets were still reflected within the values disclosed in notes 7 and 8 to the unaudited financial statements.

Resolution: Adjustments were made to the comprehensive income and expenditure statement and notes to the accounts to reflect the disposal of the two assets. The cost of service was reduced by £7,373 to reflect the reversal of accelerated depreciation, and other comprehensive expenditure was increased by the same amount to recognise the loss on disposal of the asset. The net impact on the total comprehensive income and expenditure for the year was nil. In addition, the property, plant and equipment gross book value and depreciation balances at 31 March 2014 in note 7 were reduced by £6,387 to reflect the de-recognition of the assets. Similarly, the intangible assets gross book value and depreciation balances at 31 March 2014 in note 8 were reduced by £8,850. These adjustments had no impact on the net assets in the balance sheet.

13. **De-recognition of non current assets:** Between 2006/07 and 2007/08, the Board purchased property, plant and equipment with a value of £208,941 and intangible assets with a value of £38,131. These assets were fully depreciated within the unaudited financial statements, and had a net value of nil, however their gross book values and accumulated depreciation were reflected in notes 7 and 8 of the unaudited financial statements. As noted in our Annual Audit Plan for 2013/14, the level of detail recorded in the asset register for pre 2008 assets made it difficult to separately identify and account for them. Following the recent ICT refresh in 2013, and in response to audit queries as part of the financial statements audit, officers reviewed the equipment and software utilised in the delivery of service and concluded that the assets purchased between 2006 and 2008 were obsolete and should be derecognised in the financial statements.

Resolution: Adjustments were made in the notes to the accounts to reflect the de-recognition of the obsolete equipment and software. The property, plant and equipment gross book value and depreciation balances at 31 March 2014 in note 7 were reduced by £208,941. Similarly, the intangible assets gross book value and depreciation balances at 31 March 2014 in note 8 were reduced by £38,131. As the assets had been fully depreciated, no loss arose on their de-recognition. These adjustments had no impact on the net assets in the balance sheet, or the comprehensive income and expenditure account.

14. **Accounts payable debit balances:** Trade receivables within the unaudited balance sheet included £79,000 of debit balances on the trade payables ledger. The 2012/13 trade receivables included £43,000 of debit balances on the trade payables ledger. These relate to

credit notes received from suppliers in relation to previous orders for goods and services. These credit notes would normally be applied to the next order placed with the supplier.

15. Officers reviewed a number of the more substantive ledger postings relating to these credit notes and identified that they were mis-coded to the Lothian Valuation Joint Board accounts payable ledger when they should have been coded to City of Edinburgh Council. This resulted in an understatement in the holding account balance with City of Edinburgh Council.
16. **Resolution:** Short term debtors in the financial statements were reduced by £79,000 short term creditors increased by £17,000 and cash and cash equivalents increased by £96,000, to reflect the increase in the holding account balance with City of Edinburgh Council. The 2012/13 short term debtors were reduced by £43,000, short term creditors increased by £40,000 and cash and cash equivalents increased by £83,000. The impact on both the net asset position and the comprehensive income and expenditure account is nil. A prior year adjustment note was added to the audited accounts to explain the adjustment made. Officers will process the necessary ledger journals in 2014/15 to remove these transactions from the Board's accounts payable ledger.

Financial position

2013/14 Outturn

17. The cost of services in 2013/14 was £6.116 million (£5.813 million in 2012/13). After accounting for income, mainly constituent authorities' contributions and interest on pension plan assets, of £7.49 million (£7.354 million in 2012/13), and interest costs on pension obligation of £1.778 million (£1.581 million in 2012/13) there is a deficit on the provision of services of £0.404 million (£0.04 million in 2012/13).
18. Within these figures, the Board made overall savings of £117,000 against budget. The savings include employee costs of £181,000; transport and plant costs of £13,000; support services of £17,000. Income from sales, fees and charges exceeded budget by £62,000.
19. Overspends against budget included supplies and services costs of £129,000 mainly due to an increase in postage costs as a result of additional Absent Vote Personal Identifier (AVPI) refresh forms and additional reminders being sent to maximise the canvass return rate. Further overspends were recorded of £21,000 on third party payments mainly as a result of a higher than anticipated level of activity of the Valuation Appeals Committee; and £6,000 on property costs.

2013/14 Financial position

20. The Board approved the retention of the 2013/14 underspend of £117,000 at its meeting in June 2014. This is in line with its decisions in the previous two financial years to retain the underspends (£42,000 in 2011/12 and £127,000 in 2012/13) to fund possible future liabilities arising from the early release and retirement of staff. The accumulated balance of £421,000 is included in the financial statements as a creditor balance due to constituent authorities.

Treasury management

21. Treasury management is carried out on behalf of the Board by the City of Edinburgh Council. Its Investment Strategy has been to maintain the bank account as part of the City of Edinburgh Council's group of bank accounts. Investment returns are small and the only investment/ counterparty exposure is to the City of Edinburgh Council.

Financial planning

22. The Local Government Finance settlement announced by the Cabinet Secretary for Finance, Employment and Sustainable Growth on 11 December 2013 broadly represented a "flat cash" settlement for 2014/15. Less detail was available for the period 2015/16 and beyond for future settlements, although a consensus of economic forecasts points to a continuation of recent trends and, in some cases, an absolute reduction in resources being projected.
23. In February 2014 the Board agreed a revenue budget of £6.118 million for the 2014/15 financial year. This amount was in line with the 2013/14 and 2012/13 budgets and was based on the continuation of a "flat cash" requisition of a further year. An indicative budget for 2015/16 will be developed and reported at a future Board meeting in 2014/15.

Significant Financial Risks

24. The Board is funded by four constituent councils. The continuing financial constraints on the public sector mean that the various councils are working towards making considerable savings in their budgets, at a time when the Board is facing resource challenges around the ongoing impact of the introduction of Individual Electoral Registration, potential legislative changes arising from the Scottish Government's response to the consultation "Supporting Business-Promoting Growth" and possible future changes to the Council Tax. The combination of the significance of these potential changes and the uncertainty of legislation and timetabling results in a risk that the Board's performance may not be maintained or it may be unable to fulfil all its statutory duties.

Refer Action Point no. 1

Corporate governance and systems of internal control

Overall governance arrangements

25. The Code of Audit Practice gives auditors a responsibility to review and report on audited bodies' corporate governance arrangements and overall we found the Board had sound governance arrangements in place which included a number of standing committees overseeing key aspects of governance.

Accounting and internal control systems

26. While auditors concentrate on significant systems and key controls in support of the opinion on the financial statements, their wider responsibilities require them to consider the financial systems and controls of audited bodies as a whole. However, the extent of this work should also be informed by their assessment of risk and the activities of internal audit.
27. No material weaknesses in the accounting and internal control systems were identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.
28. Internal audit is an important element of the Board's governance structure. Our review established that the work of internal audit is of a good quality allowing us to place reliance on a number of areas including trade payables and payroll controls. This not only avoided duplication of effort but also enabled us to focus on other key risk areas. We had planned to place reliance on internal audit's work in relation to access controls within key systems however due to the delayed completion of this work we were unable to place reliance on it for 2013/14, and we modified our other audit procedures accordingly.

Prevention and detection of fraud and irregularity

29. In our Annual Audit Plan we highlighted the responsibility audited bodies have for establishing arrangements to prevent and detect fraud and other irregularities. In our opinion the Board's overall arrangements for the prevention of fraud are satisfactory, although it should be noted that no system can eliminate the risk of fraud entirely.

Standards of conduct and arrangements for the prevention and detection of corruption

30. Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and have proper arrangements in place for implementing and monitoring compliance with standards and codes of conduct, standing orders and financial instructions. Auditors consider whether bodies have adequate arrangements in place. No issues have been identified by us for inclusion in this report.

Best value

Best value and performance

31. Audited bodies have a specific responsibility to ensure that arrangements have been made to secure Best Value. Auditors may also consider the use of resources in services or functions, where the need for this is identified through local audit risk assessments.
32. The Board has not been subject to a specific Best Value audit, and Audit Scotland's current Best Value audit regime (BV2) does not include the smaller joint boards.

33. The Board's framework for achieving Best Value and delivering continuous improvement is detailed in the annual Corporate and Service Plan. The most recent plan, covering the period 2013-2015, was approved by the Board in February 2013.

Acknowledgements

34. We would like to express our thanks to the staff of Lothian Valuation Joint Board for their help and assistance during the audit of this year's financial statements which has enabled us to provide an audit report within the agreed timetable.

Appendix A: Key Audit Risks

Key Audit Risks and Associated Audit Work

Audit Risk	Overview of the scope of audit work to address the risks
<p>Financial Statements Audit Risk:</p> <p>Capital Accounting - The Board's Fixed Asset Register does not individually itemise assets that were owned and controlled by the board prior to 2007/08. The Board has recently carried out a corporate refresh of IT equipment and the absence of a detailed asset register covering all assets increases the risk that the Financial Statements will not reflect the actual assets held. The Board agreed to carry out work on its fixed asset register to reflect the ICT refresh programme.</p>	<p>We reviewed and performed sample testing of asset register movements as part of our Financial Statements audit work, and discussed and challenged assumptions around recognition of assets and their carrying values. A number of adjustments to the accounts were made as a result of our audit testing and these are reported at paragraphs 11 to 13 of this report.</p>

Appendix B: Action Plan

Key Risk Areas and Planned Management Action

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
1	21	The Board is funded by four constituent councils. The continuing financial constraints on the public sector mean that the various councils are working towards making considerable savings in their budgets, at a time when the Board is facing resource challenges around the ongoing impact of the various reforms. The combination of the significance of these potential changes and the uncertainty of legislation and timetabling results in a risk that the Board's performance may not be maintained or it may be unable to fulfil all its statutory duties.	<p>The Board has to date proven its ability to continue to fulfil its statutory duties and maintain performance levels during periods of fiscal constraint.</p> <p>The Board shall work closely with its constituent councils to secure the necessary budgetary funding.</p> <p>Applying project and workload and risk management the Board aims to continue to provide a value for money service.</p> <p>One of the major legislative changes affects Electoral Registration. During 2014/15 and 2015/16 funding to support this change is provided directly by central government. An assessment of the Business as Usual position shall be undertaken shortly in order to better inform the budgetary position beyond 2015/16.</p>	Joan Hewton	Ongoing

