Agenda Item	**8a**
Report No	**VAL/14/26**

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD

Date: 2 November 2026

Report Title: **Audited Accounts and Annual Audit Report 2025/26**

Report By: Treasurer (Chief Officer Corporate Finance)

1. Purpose/Executive Summary

1.1 This report presents the audited accounts of the Board, for financial year 2025/26 following conclusion of the audit process. The report also explains the impact of any changes to the Accounts made during the audit process, and in turn summarises any key matters and recommendations from the auditor's report.

1.2 The report from Audit Scotland is positive overall, and concludes that "*All audit opinions stated that the annual accounts were free from material misstatement.*" Also that "*There were no significant findings or key audit matters to report*." This covering report also confirms that there was no change to the Board's revenue/resources position and out-turn for the year arising from the audit process. Any changes made to the Accounts, whether presentational, disclosures or financial in nature, are as summarised in this report with more comprehensive reporting in the Audit Scotland report.

1.3 This report also provides an overview of the Section 101 objection process as set out in the Audit Scotland report, with 2025/26 being exceptional in that there were 4 objections by a single objector, which in turn resulted in significant additional workload for Board, Council and External Audit staff, and with an increased audit fee as a result. It is therefore important to highlight to members that following due consideration by Audit Scotland, the auditor concluded that *"No material misstatements were identified".* It is welcome to note therefore that the objections were not upheld and no change to the Board's accounts has been required or has been made as a result of any objections.

2. Recommendations

2.1 Members are asked to:

i. Approve the audited accounts for signature;
ii. Consider the report to those charged with governance on the 2025/26 accounts;
iii. Agree that the letter of representation be signed by the Treasurer – the Chief Officer Corporate Finance (Section 95 Officer);
iv. Scrutinise and consider the annual audit report findings, in particular any key audit matters and recommendations;
v. Note that the Treasurer has been advised that there are plans across Scotland, to extend current external audit appointments, which had been due to conclude 2026/27, to be extended through to the 2028/29 audit.

3. Implications

3.1 **Resource** - The audited annual accounts documents provide details of the overall financial position for the Board as at 31 March 2026. There has been no change to the Board's revenue or resources position as a result of the audit process. As noted within this report, as a result of additional audit work related to Section 101 objections, an additional audit fee of £2,027 has arisen.

3.2 **Legal** – The Board is required to complete and publish an externally audited set of accounts each financial year. This report and the corresponding audit report fulfil the Board's obligations in this regard.

3.3 **Risk** – none, this report and accompanying external audit report conclude the Board's obligations regarding Annual Accounts for the year.

3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people):** There are no implications arising as a direct result of this report.

3.5 **Gaelic** – none

4. Annual Accounts

4.1 The final full audited Annual Accounts document for 2025/26 will be available from the link below in advance of the Board meeting. This link may not be live at the point agenda and papers are issued, but will be as soon as possible thereafter, and Board members will be notified.

Annual Accounts Link

5. Audit Findings and the Effect of Any Audit Changes

5.1 There have been no changes made to financial statements as a result of the audit process. There has been no change to net revenue out-turn or resources position of the Board and the level of usable reserves.

5.2 Other changes from the previously presented unaudited accounts have been largely presentational in nature with no impact to the Board's overall financial position or the level of resources available and as such are not included within the Audit Report.

These changes include:

- Restatement of the 24/25 figures provided in Note 14 (Leases) due to a miscalculation.

5.3 There were no unadjusted errors noted during audit testing.

5.4 The Audit Scotland report incorporates recommendations, and management responses and actions in relation to findings.

5.5 The completion of the audited accounts for 2025/26 represents a significant milestone in relation to the Board's core financial governance and reporting requirements, and it is therefore welcome that in relation to the core audit findings, and the Section 101 objection process, no material misstatement has been identified.

6. Section 101 Objections

6.1 Each year to comply with regulations, the Treasurer arranges the publication of an inspection notice advising the public of the completion of the Board's unaudited annual accounts, that the Accounts and associated records are available for inspection, and advising through the notice of the process whereby persons can object to the Board's annual accounts.

6.2 The objection process is as laid out in Section 101 of the Local Government (Scotland) Act 1973. In summary, a person may object where they consider there is a "material misstatement" in the Board's Annual Accounts. The process is for an objection to be made to the External Auditor, who may offer the person a hearing and External Audit (Audit Scotland) will then undertake any information gathering as they consider appropriate, and conclude their findings in relation to the objection. Once the auditor has concluded their work and advise their findings to the objector and the Board, that concludes the process. There is no further appeal or other stages in the process.

6.3 The Board's prior experience is there has not been any inspection requests arising in recent years, and therefore to receive a request of significant volume and complexity, was out of the ordinary. Board members may also be aware there appeared to be a social-media led effort by some persons to encourage others to use the Section 101 process. There has also been some targeting and criticism of Council officers on social media, regarding the matters on which objections were lodged in relation to the Board and Highland Council accounts. The Section 101 process is specifically related to the Board's Annual Accounts, and is not intended to act as, or replace, existing customer complaint or Freedom of Information processes.

6.4 The Treasurer made arrangements for the objector to inspect information and records that were considered relevant to their request, falling within the regulations and the Board's 2025/26 Annual Accounts. A significant number of requests were rejected and considered to have no relevance to the Board's Annual Accounts. A very significant officer effort took place to assess the requests received, gather information for inspection, and to make arrangements to facilitate an inspection, which was offered over multiple dates and times, in order to comply with the Regulations. Despite having made such arrangements, the person who was offered an inspection did not take up this opportunity, resulting in significant abortive officer effort. Despite not attending the arranged inspection, the person nonetheless made an objection to the external auditor.

6.5 As noted in the Audit Scotland report, the objector had a face to face hearing. The Assessor and the Treasurer provided information and response to Audit Scotland in relation to any requests received. As noted in the Audit Scotland report, ultimately the objector's concerns were not upheld and the audit finding was there was "no material misstatement" within the Board's Annual Accounts.

6.6 It is very welcome that no material misstatement was identified and therefore through the rigorous audit process, and the Section 101 process, members and the public have assurance around the Board's accounting processes and the Annual Accounts as presented.

6.7 The right of a person to inspect, and where relevant to object, to the Board's Accounts is an important regulatory requirement which the Board and Treasurer has and will continue to support and comply with. It is unfortunate that in 2025/26 the Board has been faced with an exceptional and at times unnecessary workload arising from some specific objections. In the opinion of the Treasurer, there have been persons who have sought to mis-use the Section 101 process. Unfortunately this has been at a financial cost to the tax payer, with an additional audit fee of £2,027 arising from the Section 101 process and other audit work.

Designation: Treasurer (Chief Officer Corporate Finance)

Date: 14 October 2026

Author: Brian Porter, Chief Officer – Corporate Finance

(Section 95 Officer)