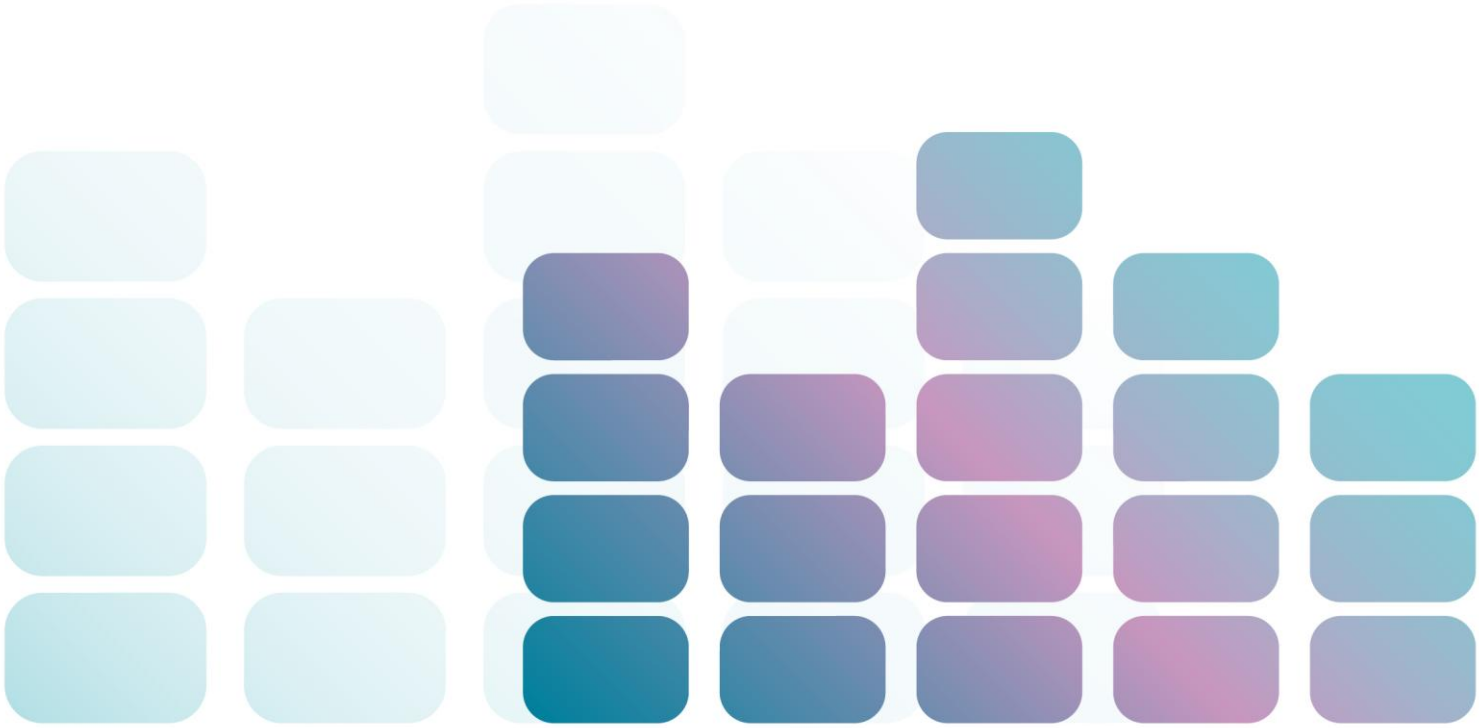
Highland and Western Isles Valuation Joint Board

2025/26 Annual Audit Report



AUDIT SCOTLAND

Prepared for Highland and Western Isles Valuation Joint Board and the Controller of Audit
October 2026

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Summary of audit opinions and conclusions

Audit of the annual accounts

1 All audit opinions stated that the annual accounts were free from material misstatement.

2 There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by officers.

Financial sustainability

3 There are effective and appropriate arrangements in place for securing financial sustainability.

Best Value audit

4 The arrangements in place for securing Best Value were found to be appropriate including embedding fairness and equality across the organisation.

Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2025/26 audit of the Highland and Western Isles Valuation Joint Board annual accounts and the wider scope areas specified in the Code of Audit Practice (2021).

2. The Annual Audit Report is addressed to the Highland and Western Isles Valuation Joint Board, hereafter referred to as 'the Board' and the Controller of Audit, and will be published on Audit Scotland's website in due course.

Appointed auditor and independence

3. Esther Scoburgh, of Audit Scotland, has been appointed as external auditor of the Board for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, Esther Scoburgh and the audit team are independent of the Board in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from the Board, including no provision of non-audit services.

Acknowledgements

4. We would like to thank the Board and its staff, particularly those involved in preparation of the annual accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

Audit scope, responsibilities, and fee

Scope of the audit

5. The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement.
- An opinion on statutory other information published with the financial statements in the annual accounts, namely the Management Commentary and Annual Governance Statement.
- An opinion on the audited part of the Remuneration Report .
- Concluding on the financial sustainability of the Board and a review of the Annual Governance Statement.
- Reporting on the Board's arrangements for securing Best Value.
- Provision of this Annual Audit Report.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of the body and the auditor. A summary of the key responsibilities is outlined below.

Auditor's responsibilities

7. The responsibilities of auditors in the public sector are established in the Local Government (Scotland) Act 1973. These include providing an independent opinion on the financial statements and other information reported within the annual accounts, and concluding on the Board's arrangements in place for the wider scope areas and Best Value.

8. The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve the Board from its responsibilities outlined below.

9. The Annual Audit Report includes an agreed action plan at Appendix 1 setting out specific recommendations to address matters identified and includes details of the responsible officer and dates for implementation.

The Board's responsibilities

10. The Highland and Western Isles Valuation Joint Board has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of annual accounts, comprising financial statements that give a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

Audit Fee

11. The audit fee for the 2025/26 audit was reported in the Annual Audit Plan and was set at £9,920.

12. An additional audit fee has been charged in the current year to reflect the extra time, resources and costs incurred in relation to the Section 101 objection process (refer paragraph 37). The preparation, review and management of the objections required significant additional audit work beyond the scope of the standard annual audit engagement, resulting in increased staff time and associated costs. Accordingly, an additional fee of £2,027 has been applied to recover the costs attributable to this unforeseen and exceptional piece of work. The total audit fee for 2025/26 is therefore £11,947.

National and performance audit reporting

13. The Auditor General for Scotland and the Accounts Commission regularly publish national and performance audit reports which are published on the Audit Scotland website, www.audit-scot. These publications cover a range of matters, some of which may be of interest to the Board, a selection of which have been included in Appendix 2.

Audit of the annual accounts

Main judgements

All audit opinions stated that the annual accounts were free from material misstatement.

There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by the body.

Audit opinions on the annual accounts

14. The Board's annual accounts were approved by the Board and certified by the appointed auditor at the Board meeting held on 2 November 2026. The Independent Auditor's Report is included in the Board's annual accounts reports that, in the appointed auditor's opinion, the annual accounts were free from material misstatement.

Audit timetable

15. The unaudited annual accounts were received on 9 June 2026 in accordance with the agreed audit timetable. The working papers were received on 15 July 2026, after the agreed submission date of 30 June 2026 but before the commencement of audit fieldwork. The initial working paper pack was not fully complete, which led to delays at the start of the audit.

16. Some of the working papers provided did not agree to the unaudited accounts. The initial transactions listing did not reconcile to the closing trial balance and multiple versions of both the 2025/26 transactions listing and 2025/26 closing trial balance were provided. This resulted in additional audit queries and work.

17. We have agreed with officers that, going forward, all working papers will be reconciled to the unaudited accounts prior to submission for audit. In addition, only the final versions of the transactions listing and closing trial balance used in the preparation of the financial statements should be included within the working papers pack, and these should be reconciled to one another and evidenced as having been checked.

18. In addition, we noted the unaudited accounts presented to members did not include a cover paper summarising the key elements of the unaudited accounts and have made an improvement recommendation

below to strengthen the scrutiny function and provide additional support to members.

Recommendation 1: Improved presentation and scrutiny of unaudited accounts

The unaudited accounts presented to members should include a cover paper summarising the key elements of the unaudited accounts, ideally presented by a member of the finance team. This would strengthen the scrutiny function and provide additional support to members where required.

Materiality

19. The concept of materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual accounts.

20. Materiality is used to determine whether misstatements identified during the audit could reasonably be expected to influence the decisions of users of the annual report and accounts. Auditors set a monetary threshold when determining materiality, although some issues may be considered material by their nature. Materiality is ultimately a matter of the auditor's professional judgement.

21. Materiality levels for the 2025/26 audit of the Board were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan and included the judgements made in determining materiality levels. Materiality was reviewed and reassessed on receipt of the unaudited annual accounts and is shown in Exhibit 1.

Exhibit 1

2025/26 Materiality levels for the Highland and Western Isles Valuation Joint Board

Materiality	Amount
Materiality – set at 2% of gross expenditure	£80,000
Performance materiality – set at 75% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£60,000
Reporting threshold – set at 5% of materiality.	£4,000

Source: Audit Scotland

Significant findings and key audit matters

22. ISA (UK) requires auditors to communicate significant findings from the audit to those charged with governance, i.e. the Board.

23. The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor's professional judgement, are of most significance to the audit of the financial statements and require most attention when performing the audit.

24. In determining key audit matters, auditors consider:

- Areas of higher or significant risk of material misstatement.
- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.
- Significant events or transactions that occurred during the year.

25. There are no significant findings to report. Key audit matters noted in our Annual Audit Plan have been addressed and are summarised in Exhibit 2 below.

Exhibit 2

Significant findings and key audit matters

Significant findings and key audit matters	Outcome
Pension valuation Our Annual Audit Plan noted a key audit matter regarding the pension valuation. This is due to the significant degree of subjectivity in the measurement and valuation of the pension fund balance and pension costs / income and the use of an expert.	**Satisfactory** We reviewed the pension valuation including the information provided by the actuary, the actuarial assumptions, estimates, financial and demographic assumptions. We assessed the scope, independence and competence of the actuary engaged in providing pension estimates and reviewed the appropriateness of the actuarial assumptions and their results and compared these with similar organisations. We also reviewed the Board's arrangements for ensuring the reasonableness of the professional estimations and the accuracy of information provided to the actuary. There were no issues noted.

Source: Audit Scotland

Qualitative aspects of accounting practices

26. ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of an organisation's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

Accounting policies

27. The appropriateness of accounting policies adopted by the Board was assessed as part of the audit. These were considered to be appropriate to the circumstances of the Board, and there were no significant departures from the accounting policies set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Accounting estimates

28. Accounting estimates are used in the valuation of the pension liability for the Board's financial statements. Audit work considered the process management has in place around making accounting estimates, including the assumptions and data used in making the estimates and the use of any management experts. Audit work concluded:

- There were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and these were considered to be reasonable.
- There was no evidence of management bias in making the accounting estimates.

Disclosures in the financial statements

29. The adequacy of the financial statement disclosures was assessed as part of the audit procedures performed. A number of presentation and disclosure matters were identified during the audit and were subsequently addressed by management. Based on our review, the overall quality and adequacy of the disclosures were considered satisfactory.

Internal audit

30. The Board's internal audit service is provided by The Highland Council's in-house team led by the Chief Audit Executive. Consistent with our 2025/26 Annual Audit Plan, we obtained an understanding of internal audit's responsibilities, activities and planned coverage. While we did not place formal reliance on internal audit's work for the purposes of our audit approach, we reviewed its annual audit plan and considered relevant findings and conclusions reported during 2025/26 to assess any implications for our financial statements audit and wider audit responsibilities. Our review did not identify any matters that had a significant impact on our audit approach or conclusions.

31. Internal audit presented its 2025/26 Annual Audit Report to the Board in June 2026. The Chief Audit Executive concluded that reasonable

assurance could be placed on the adequacy and effectiveness of the Board's arrangements for governance, risk management and internal control for the year ended 31 March 2026.

32. Based on our review, we concluded that the Board has an appropriately resourced and effective internal audit function that provides appropriate assurance to management and members and supports the Board's overall governance, risk management and control framework.

Significant matters discussed with management

33. All significant matters identified during the audit and discussed with management have been reported in the Annual Audit Report.

Audit adjustments

34. It is the auditor's responsibility to request that all misstatements greater than the reporting threshold are corrected, even if they are not material. However, the final decision on whether an audit adjustment is processed to correct a misstatement rests with the Board as those charged with governance.

35. No audit adjustments were required to the financial statements greater than the reporting threshold of £4,000.

Significant risk of material misstatement identified in the Annual Audit Plan

36. Audit work has been performed in response to the significant risk of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in Exhibit 3.

Exhibit 3

Significant risks of material misstatement to the financial statements

Risk of material misstatement	Audit work carried out	Conclusions
Fraud caused by management override of controls Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.	• Evaluated the design and implementation of controls over journal entry processing. • Made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries.	• The design and implementation of controls over journal processing were appropriate. • No inappropriate or unusual activity relating to the processing of journal entries was identified from discussions with individuals involved in financial reporting.

Risk of material misstatement	Audit work carried out	Conclusions
	• Tested journals entries, focusing on those that are assessed as higher risk, such as those affecting revenue and expenditure recognition around the year-end. • Substantively tested income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year. • Evaluated significant transactions outside the normal course of business. • Assessed the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements. • Assessed changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias.	• No significant issues were identified from testing of journal entries. • No significant issues were identified from transactions outside the normal course of business. • Income and expenditure transactions at the year-end were accounted for correctly. • The controls in place for identifying and disclosing related party relationships and transactions were adequate. • No significant issues were identified with changes to methods and underlying assumptions used to prepare accounting estimates and there was no evidence of management bias. **Conclusion:** We are satisfied there is no material misstatement due to management override of controls

Source: Audit Scotland

Section 101 objection

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

38. One individual submitted four objections under Section 101 of the Local Government (Scotland) Act 1973 in relation to the Management Commentary, including GDPR-related matters, the Annual Governance Statement, contingent liabilities, and administration expenses, including legal recharges.

39. We met with the objector, reviewed the evidence provided and undertook appropriate audit procedures in response to the matters raised.

Management Commentary / Contingent liabilities

- Our review found no material fines, penalties or other enforceable financial obligations arising from GDPR matters that would require recognition or disclosure within the financial statements. Accordingly, there is no current basis for the recognition or disclosure of a contingent liability. No material misstatements were identified.

- The Management Commentary includes reference to the most significant legal case to date as well as the overall increasing legal costs to the Board in general. No material misstatements were identified.

Annual Governance Statement

- We reviewed the disclosures contained within the Board's Annual Governance Statement, The Highland Council's Annual Governance Statement, and the two 2025/26 Annual Internal Audit Reports (to the Board and The Highland Council) together with the requirements of the relevant governance framework.

- The Board's Annual Governance Statement directs readers to The Highland Council's Internal Audit Annual Report 2025/26 which sets out the results of Internal Audit's self-assessment against Global Internal Audit Standards. The report explicitly identifies those areas assessed as partially conforming, including the overdue External Quality Assessment (EQA). This has been regularly reported to The Highland Council Audit Committee by both internal and external audit and remains subject to ongoing oversight. The assessment is currently planned for completion by March 2027.

- While the Internal Audit Annual Report identifies areas of partial conformance with Global Internal Audit Standards, including the overdue EQA, these matters did not affect our conclusion that the internal audit function remained sufficiently effective for the purposes of the Board's governance arrangements. Accordingly, the matter raised in the objection has been disclosed to users of the financial statements. This is also fully disclosed within The Highland Council's Annual Governance Statement. Our audit procedures did not identify any material misstatements or inconsistencies within the Board's Annual Governance Statement.

- I do not consider the disclosure to be misleading or materially misstated. I therefore conclude that the Board's Annual Governance Statement appropriately reflects the governance arrangements and related matters in place as at 31 March 2026.

Administration expenses, recharges and related parties

- We reviewed administration expenses and recharges, including legal costs, together with the related party disclosures set out in Note 13. Based on our work, we are satisfied that all relevant related party relationships have been appropriately disclosed and that no additional disclosures are required.

- Internal recharges relate to services provided by The Highland Council to the Board. We reviewed these arrangements and although our audit testing identified no issues, we noted an opportunity to strengthen governance and transparency through formal documentation of existing arrangements.

Recommendation 2: Documentation of Support Service Arrangements

Management should review the existing support service arrangements between The Highland Council and the Board and consider formalising them through a service level agreement, or equivalent documented arrangement, to strengthen governance, clarify responsibilities and enhance transparency over service delivery and cost recovery arrangements.

40. While we have made a recommendation to strengthen governance through the formalisation of a support service arrangement between the Board and The Highland Council, this does not affect our audit opinion. Following consideration of the Section 101 objection, no issues were identified that required amendment to the planned audit approach, our audit opinion, or the conclusions set out in this report.

Prior year recommendations

41. There were no recommendations made in 2024/25.

Financial sustainability and Best Value

Audit approach to wider scope and Best Value

Wider scope

42. The Annual Audit Plan identified the Board as a less complex body for the purposes of the wider scope audit. Consequently, the wider scope audit does not encompass all four wider scope areas and is instead focused solely on forming a conclusion regarding the Board's financial sustainability.

Best Value

43. Under the Code of Audit Practice, the duty on auditors to consider the arrangements an audited body has in place to secure Best Value applies to audited bodies that fall within section 106 of the Local Government (Scotland) Act 1973, which the Board does.

44. Consideration of the arrangements the Board has in place to secure Best Value have been carried out alongside the wider scope audit. Specific work covering the 'fairness and equality' Best Value characteristic was carried out as part of the 2025/26 audit and is reported below.

Conclusions on financial sustainability

Main judgement

There are effective and appropriate arrangements in place for securing financial sustainability.

45. The audit work performed on the arrangements the Board has in place for securing financial sustainability found that these were effective and appropriate.

46. The Board has established a financial management framework, including annual budget setting and three-year financial planning. Financial monitoring reports are prepared monthly, enabling management to identify and respond to emerging budget pressures and there is regular reporting to members.

Service planning and financial sustainability

47. The Board approved its 2025-2028 Service Plan in June 2025. The Plan recognises the continuing financial challenges facing the organisation and acknowledges the need to keep staffing levels and organisational structures under review in response to ongoing financial pressures. The Board has considered the risks associated with delivery of the Plan, particularly those relating to workforce capacity. Given the Board's statutory responsibilities, including electoral registration, revaluation activity and annual self-catering audits, workforce capacity has been identified as a key risk to long-term service sustainability.

48. The three-year Service Plan supports the Board's medium and longer-term financial planning arrangements. However, funding assumptions beyond the approved budget year remain indicative only, limiting the Board's ability to undertake longer-term financial planning with certainty.

49. The Board has established appropriate financial management arrangements, including regular budget monitoring and medium-term financial planning processes. Nevertheless, financial sustainability continues to be affected by increasing service demands, legislative and regulatory change, and workforce capacity pressures. Ongoing focus on financial planning, workforce resilience and efficient service delivery will be necessary to support the continued delivery of statutory functions within available resources.

Medium term financial plan

50. The Board's 2026/27-2028/29 Medium-Term Financial Plan, approved in March 2026, projects expenditure to increase from £3.9 million in 2026/27 to £4.1 million by 2028/29. The plan demonstrates a proactive approach to longer-term financial planning and is subject to regular review and update by members to reflect changes in funding assumptions and service requirements.

51. The Board continues to face a number of financial sustainability challenges, including increasing statutory workloads, recruitment and retention difficulties, and service pressures arising from electoral registration, revaluation activity and annual self-catering unit audits. Workforce capacity remains a risk, and the Board has identified succession planning, staff retention and leadership resilience as key priorities. Planned investment in management capacity, trainee posts and career development pathways is intended to strengthen organisational resilience and support future service delivery.

52. The Board has appropriate medium-term financial planning arrangements in place and continues to pursue efficiency opportunities. However, longer-term financial sustainability remains dependent on addressing workforce challenges, managing increasing service demands and responding to future funding pressures. Maintaining workforce resilience, delivering planned efficiencies and effectively managing

statutory obligations will be important to supporting sustainable service delivery over the medium term.

Savings plans

53. The Board's medium-term financial plan does not rely on the delivery of significant recurring savings targets to deliver a balanced budget. Instead, its financial strategy is focused on sustaining service delivery through prudent financial management, effective vacancy management, workforce planning, and the implementation of efficiency measures, including digitalisation and process automation.

54. Planned investment in staffing and technology is intended to improve organisational resilience and productivity, and strengthen workforce capacity over the longer term. The Board continues to monitor emerging cost pressures and identify opportunities for efficiencies as part of its ongoing financial planning arrangements, with regular reporting to members on financial performance and sustainability.

Inverness lease

55. As part of our audit work, we identified that the lease agreement for the Inverness office does not fully reflect the terms agreed between the Board and the landlord in relation to rental payments during the initial period of the lease. Specifically, the parties agreed to a seven-month rent-free period in each of the first two years of the lease, however, the lease documentation instead refers to a half-rent arrangement for this period.

Recommendation 3: Inverness office lease agreement

The Board should ensure that the Inverness office lease agreement is reviewed and updated to accurately reflect the agreed arrangement and reduce the risk of future disputes or uncertainties.

Conclusion on Best Value

Main judgment

The arrangements in place for securing Best Value were found to be appropriate including embedding fairness and equality across the organisation.

56. Our review of the Board's Service Plan demonstrates an ongoing commitment to Best Value. Best Value principles are embedded within the Board's mission, governance arrangements, performance management framework and operational objectives, with a particular focus on continuous improvement, performance monitoring and efficient service delivery.

57. Fairness and equality is identified as a cross-cutting Best Value theme where an organisation should demonstrate that consideration of equality issues is embedded in its vision and strategic direction and throughout all of its work. As reported in the Annual Audit Plan, specific work covering the 'fairness and equality' Best Value characteristic was carried out as part of the 2025/26 audit.

58. The Equality Act 2010, Section 149 (Public Sector Equality Duty) sets out the duties that apply specifically to public sector bodies. Subsection (1) requires organisations to have due regard to the need to:

- Eliminate discrimination, harassment, and victimisation
- Advance equality of opportunity
- Foster good relations between different groups

59. These duties apply in relation to the nine protected characteristics defined in the Act. Our review found that the Board complies with the Equality Act 2010, embedding equality across workforce policies, training, governance structures, and impact assessment processes as summarised below.

60. Our work concluded that the Board demonstrates a proportionate and effective approach to meeting its duties under Section 149 of the Equality Act 2010. The Board maintains appropriate employer policies and mandatory equal opportunities and diversity training, which ensure informed staff, support an inclusive culture and help prevent discrimination. However, there is room for improvement with regard to a general policy review and ensuring training arrangements and refresher training is in place.

61. As part of our review we noted that there is currently no policy in place to ensure staff receive refresher training on previously completed training courses and a log of this was not maintained. We also noted that some HR policies have not been reviewed or updated for multiple years and past the review schedule. Officers are aware of this and work is being undertaken to address this. We have raised this as a recommendation for follow up in 2026/27.

Recommendation 4: Refresher training and HR policy review required

A refresher training policy should be developed for key training undertaken by Board staff. The policy should specify the frequency of refresher training requirements and establish arrangements for monitoring and reporting compliance.

HR policies that have exceeded their scheduled review dates should be reviewed and updated as necessary. Ongoing reviews should be completed in line with the prescribed review timetable to ensure policies remain current, effective, and aligned with relevant legislation and organisational requirements.

Appendix 1: Action plan 2025/26

2025/26 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
1. Improved presentation and scrutiny of unaudited accounts We noted that the unaudited accounts were presented to the Board for review and information prior to being issued for audit, which we consider to be good practice. However, to better support members in discharging their responsibilities, there should be accompanying cover papers summarising the key elements of the accounts, ideally presented by a member of the finance team. This would strengthen the scrutiny function and provide additional support to members where required.	The unaudited accounts presented to members should include a cover paper summarising the key elements of the unaudited accounts, ideally presented by a member of the finance team. This would strengthen the scrutiny function and provide additional support to members where required.	**Accepted** **Agreed action:** For 2026/27 a covering report will be provided to the Board to accompany the unaudited annual accounts. **Responsible Officer:** Treasurer (Chief Officer – Corporate Finance, Highland Council). **Timing:** by June 2027
2. Documentation of support service arrangements Support services such as administrative, financial and ICT are provided to the Board by The Highland Council. Under the CIPFA/SOLACE Delivering Good Governance in Local Government Framework, public bodies should have clear arrangements for accountability, decision-making and stewardship of resources. A documented	Management should review the existing support service arrangements between The Highland Council and the Board and consider formalising them through a service level agreement, or equivalent documented arrangement, to strengthen governance, clarify responsibilities and enhance transparency over service delivery and cost recovery arrangements.	**Accepted** **Agreed action:** To liaise with the various services at The Highland Council to produce a comprehensive suite of service level agreements. **Responsible Officer:** Assessor and ERO **Timing:** 30 September 2027

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
support-services agreement between the Council and the Board would normally be considered good practice and evidence of these principles being applied.		
3. Inverness office lease agreement Our audit identified that the Inverness lease agreement does not accurately document the rental concession agreed between the Board and the landlord. The agreed arrangement provided for a seven-month rent-free period in each of the first two years of the lease term; however, the lease agreement refers instead to a half-rent period during those years.	The Board should ensure that the Inverness office lease agreement is reviewed and updated to accurately reflect the agreed arrangement and reduce the risk of future disputes or uncertainties.	**Accepted** **Agreed action:** To contact the landlord's agent to discuss and agree appropriate documentation to reflect the agreed lease arrangement. **Responsible Officer:** Assessor and ERO **Timing:** 28 February 2027
4. Refresher training and HR policy reviews required From our review of the Board's fairness and equality arrangements, we noted that no training refresher policy is currently in place and that a number of HR policies are overdue for review. Management advised that the delays in reviewing HR policies were due to resourcing constraints and that action is being taken to address this.	A refresher training policy should be developed for key training undertaken by Board staff. The policy should specify the frequency of refresher training requirements and establish arrangements for monitoring and reporting compliance. HR policies that have exceeded their scheduled review dates should be reviewed and updated as necessary. Ongoing reviews should be completed in line with the prescribed review timetable to ensure policies remain current, effective, and aligned with relevant legislation and organisational requirements.	**Accepted** **Agreed actions:** Establish and implement a training refresher policy, including arrangements for monitoring and reporting compliance. Review policies and update where appropriate following the timetable for the review of HR policies. **Responsible Officer:** Depute ERO / Business Manager **Timing:** 30 June 2027

Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
There were no recommendations made in 2024/25.		

Appendix 2: National and performance audit reports

Report name	Date published
The National Fraud Initiative in Scotland 2026	August 2026
Local government budgets 2026/27	June 2026
Transforming the approach to climate change: Lessons from public audit	March 2026
Annual Assurance and Risks Report: A review of 2024/25 local government audits in Scotland	March 2026
The Scottish Budget 2026/24: Supplement to the Financial bulletin 2024/25	February 2026
Local Government in Scotland: Financial bulletin 2024/25	January 2026
Financial sustainability and taxes	November 2025
Delivering for the future: Responding to the workforce challenge	August 2025
Local government budgets 2025/26	May 2025

Highland and Western Isles Valuation Joint Board

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