



Annual Audit Report for Grampian Valuation Joint Board

For the financial year ended 31 March 2025

30 January 2026

Prepared for those Charged with Governance and the Accounts
Commission





Table of contents

01	Headlines	03
02	Our approach to materiality	07
03	Overview of significant risks identified	10
04	Other findings	19
05	Communication requirements and other responsibilities	21
06	Audit adjustments	25
07	Wider scope and best value arrangements	30
08	Independence considerations	39
	Appendices	
A	Communication of audit matters with those charged with governance	44
B	Action plan	46
C	Follow up on previous recommendations	47

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our external audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect Grampian Valuation Joint Board or all weaknesses in your internal controls.

This report has been prepared solely for your benefit and Audit Scotland (under the Audit Scotland Code of Audit Practice 2021). We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

1 Headlines

Headlines

Summary of the key findings and other matters arising from the external audit of Grampian Valuation Joint Board (VJB) and the preparation of the financial statements for the year ended 31 March 2025 for those charged with governance (Grampian Valuation Joint Board) and the Accounts Commission.

Financial statements

Under International Standards of Audit (UK) (ISAs) and Audit Scotland's Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- Grampian Valuation Joint Board's (VJB) financial statements give a true and fair view of the financial position of the organisation at the 31 March 2025 and of the net expenditure of the organisation for the year then ended;
- Grampian VJB's financial statements have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 CIPFA Code of Audit Practice;
- Grampian VJB's financial statements have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.
- the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

We are required to report whether other information published together with the audited financial statements in the Annual Report and Accounts is materially consistent with the financial statements or our knowledge obtained in the audit, has been prepared in accordance with the requirements or otherwise appears to be materially misstated.

We are also required to report on whether the information given in the Annual Governance Statement is consistent with the financial statements and prepared in accordance with the Delivering Good Governance in Local government: Framework (2016).

We received the first draft of the financial statements with working papers on 26 June 2025 which were presented on time. We have been supported by Grampian VJB's finance team during the audit process with effective working relationships and commitment to the audit process.

At the audit planning stage, it was identified that the audit would be delivered in a later cycle than the Audit Scotland target timelines (by the end of September). The timeline agreed to conduct the audit was December 2025 to January 2026, with a final report to the Board on 30 January 2026.

Our findings are summarised on pages 11 to 24. Grampian VJB noted to us that adjustments to the primary financial statements were required. This was due to an amendment identified by the actuary since the information was provided to the Board for their draft financial statements, due to an actuary error. The change did not impact the main statements, but did result in a decrease to both the pension asset and asset ceiling calculated by the Actuary.

Headlines (2)

Summary of the key findings and other matters arising from the external audit of Grampian VJB and the preparation of the financial statements for the year ended 31 March 2025 for those charged with governance (Grampian Valuation Joint Board Board) and the Accounts Commission.

Financial statements

We have not identified any further amendments to the primary statements. We also identified potential misstatements during the audit from our testing. Management have decided not to adjust the financial statements as the misstatements identified are not material.

We have also identified several disclosure amendments that management has adjusted. The amendments are detailed on pages 28 and 29.

We have raised one recommendation for management as a result of our audit work on the financial statements. There were three financial statements recommendations from 2023/24 which remained outstanding, and we have followed up on as part of the 2024/25 audit. All recommendations have now been closed. Our follow up of recommendations from the prior year's audit are detailed in [Appendix C](#).

We issued an unmodified opinion on the financial statements following the Board meeting on 30th January 2026.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

We would like to thank management for their co-operation during the audit process.

Adding value through our audit work

We aim to add value to Grampian VJB throughout our audit work. We do this through using our wider public sector knowledge and expertise to provide constructive, forward looking recommendations where we identify areas for improvement and encourage good practice around financial management, financial sustainability, risk management and performance monitoring. In so doing, we aim to help Grampian VJB promote improved standards of governance, better management and decision making, and more effective use of resources.

We invited members of your financial reporting team to our annual Local Government Chief Accountants workshop as well as our IFRS 16 webinar, both of which were led by our internal financial reporting technical team. Members have the opportunity to attend a future event ran to highlight best practice for financial reporting challenge. In addition, we publish financial reporting thought leadership, our most recent on financial instruments.

Headlines (3)

Summary of the key findings and other matters arising from the external audit of Grampian VJB and the preparation of the financial statements for the year ended 31 March 2025 for those charged with governance (Grampian Valuation Joint Board Board) and the Accounts Commission.

Wider scope and best value arrangements

In accordance with Code and supporting guidance: “Supplementary guidance -wider scope audit, less complex bodies and Best Value”, we have concluded that Grampian VJB is a ‘less complex body’ and therefore, carried out more limited wider scope work.

As required by the Code and this supporting guidance, we have assessed both the quantitative and qualitative risk factors related to Grampian VJB and concluded that Grampian VJB qualifies for this exemption for 2024/25.

A review of the Annual Governance Statement and concluding on financial sustainability are the areas of scope for the wider scope work. We did not raise any significant issues in relation to the disclosure within the Annual Governance Statement.

Furthermore, bodies in Scotland have a legal duty to deliver “Best Value” in their services. This means they must make arrangements to ensure continuous improvement in their performance, while maintaining a balance between quality and cost, and consider economy, efficiency, effectiveness, equal opportunities and sustainable development.

There are adequate arrangements in place for securing best value at Grampian VJB.

Financial sustainability

Grampian VJB incurred £4.292 million of expenditure during 2024/25, with income received during the year totalling £5.022 million. This resulted in a surplus of £0.730 million, of which £0.297 million was returned to constituent authorities. The remaining funding not utilised in 2024/25 was transferred to usable reserves.

A significant driver of the underspend is staff vacancies, which has been an ongoing issue for Grampian VJB for some time, due to difficulties in recruiting qualified valuation staff. Management recognise this challenge and recruitment of staff is a key organisational risk. Grampian VJB are taking steps to address the level of vacancies and to raise the profile of the organisation.

Further details of the work undertaken is outlined on page 31.

2 Our approach to materiality

Our approach to materiality (1)

As communicated in our Audit Plan dated 27 June 2025, we determined materiality at the planning stage as £0.114 million based on 2.5% of prior year gross expenditure. On receipt of draft financial statements, we have reconsidered planning materiality based on the 2024/25 figures in the draft financial statements.

Our approach to determining materiality is set out here.

Materiality area	Amount (£)	Qualitative factors considered
Materiality for the financial statements	£0.124 million	This is equivalent to approximately 2.5% of the gross expenditure for the period ended 31 March 2025. Our materiality has been updated to reflect the 2024/25 figures in the draft financial statements although there has been no change to the % outlined within our audit plan. In 2023/24, materiality was £0.091 million, which represented 2% of gross expenditure.
Performance materiality for the financial statements	£0.093 million	Performance materiality has been set at 75% of financial statements materiality. This reflects our risk-assessed knowledge of potential for errors occurring. Performance materiality is used for the purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. This is the amount we set at less than materiality for the financial statements as a whole, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. In 2023/24, performance materiality was £0.068million which represented 75% of our calculated materiality.

Our approach to materiality (2)

Materiality area	Amount (£)	Qualitative factors considered
Reporting threshold	£0.006 million	<p>This balance is set at 5% of materiality.</p> <p>In 2023/24, our trivial threshold was £0.004 million, and 5% of materiality.</p>
Auditable elements of the Remuneration Report The analysis of staff numbers and costs note will be audited at headline materiality.	£25,000	<p>Due to the public interest in the specified remuneration disclosures, we apply specific audit procedures to this work and set a lower materiality level for this area. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be applicable for the specified remuneration disclosures.</p> <p>We evaluate errors in this disclosure for both quantitative and qualitative factors against this lower level of materiality. We will apply heightened auditor focus in the completeness and clarity of disclosures in this area and will request amendments to be made if any errors exceed the threshold we have set or would alter the bandings reported for any individual.</p> <p>The performance materiality for these elements are £18,750, based upon 75% of lower materiality (2023/24 was £18,750 and 75%).</p>

3 Overview of significant risks identified

Overview of significant risks identified

The below table summarises the significant risks discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs. A significant risk can be a significant risk due to error or due to fraud. For the purposes of the ISAs (UK), the auditor is concerned with fraud or suspected fraud that causes a material misstatement in the financial statements. Two types of intentional misstatements are relevant to the auditor – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets.

As part of our consideration of risks relating to fraudulent financial reporting, we consider the potential for override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage income and expenditure in order to influence Grampian VJB's year-end performance.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Findings
Risk 1 Management override of controls	Significant	↔	✓	Low	●
Risk 2 Valuation of defined benefit pensions scheme	Significant	↔	✗	High	●
Risk 3 Valuation of land and buildings	Significant	↔	✗	High	●
Risk 4 Fraud in revenue expenditure	Significant	↔	✓	Low	●
Risk 5 Valuation of IFRS16 right of use assets	Other	↔	✗	Low	●

Key:

- ↑ Assessed risk increase since Audit Plan
- ↔ Assessed risk consistent with Audit Plan
- ↓ Assessed risk decrease since Audit Plan

- No adjustment or change in disclosure required
- Non-material adjustment or change in disclosure required
- Material adjustment or change in disclosure required

Overview of significant risks identified – financial statements

Risk identified in our Audit Plan	Audit procedures performed	Key observations
<p>1. Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. Our risk focuses on the areas of the financial statements where there is potential for management to use their judgement to influence the financial statements alongside the potential to override the entity's internal controls, related to individual transactions. We have therefore identified management override of controls, in particular journals, management estimates and of transactions outside the course of business as a significant risk of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> documented an understanding of and evaluated the design effectiveness of management controls over journals; analysed the journals listing and determined the criteria for selecting high risk unusual journals and tested these journals identified; challenged management's key judgements and estimates and considered whether these judgements and estimates are individually or cumulatively indicative of management bias; tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration; gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness; and Evaluated any changes in accounting policies, estimates or significant unusual transactions. 	<p>Grampian VJB utilises the Moray Council ledger for recording its transactions. Our work has not identified any material issues in relation to management override of controls. As Grampian VJB did not have journal authorisation processes in place during 2024/25, we were required to consider this in our journals assessment including mitigating and alternative controls, to gain assurance over the journal control environment. We are satisfied from our work performed that there has been no identified instances of management override of controls that would result in a material misstatement of the financial statements.</p>

Overview of significant risks identified – financial statements (2)

Risk identified in our Audit Plan	Audit procedures performed	Key observations
<p>2. Valuation of defined benefit pension scheme Grampian VJB participates in the North East Scotland Pension Fund (NESPF), a local government pension scheme. There is an established Pension Fund protocol in place with Pension Fund auditors to provide external auditors with relevant assurance.</p> <p>The local government pension scheme is a defined benefit pension scheme and in accordance with IAS 19: Employee Benefits, Grampian VJB is required to recognise its share of the scheme assets and liabilities in its Statement of Financial Position.</p> <p>In 2024/25, management applied the asset ceiling test as prescribed by IFRIC 14 which limited the measurement of a defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.' The pension asset can be recognised as the lower of the net pension asset or the present value of any economic benefits available. Grampian VJB's actuaries undertook this assessment and the asset value in the accounts was reduced as the present value of the benefits available were lower than the pension asset. The net liability arising from the unfunded defined benefit obligation remained as there is no right to offset this.</p>	<p>We have:</p> <ul style="list-style-type: none"> evaluated management's processes and controls for the calculation of the gross asset and gross liability and estimates, the instructions issued to the actuarial expert and the scope of their work; evaluated the assumptions made by Hymans Robertson in the calculation of the estimate, using work performed by an auditor's expert commissioned on behalf of Audit Scotland; evaluated the data used by management's experts in the calculation of the estimates; performed substantive analytical procedures over the gross assets, gross liabilities and in year pension fund movements, investigating any deviations from audit expectations; assessed the accuracy and completeness of the IAS 19 estimates and related disclosures made within the financial statements; and reviewed management's assessment of the application of IFRIC 14 evaluated the response received from the NESPF auditor in line with the Audit Scotland Protocol for Auditor Assurances for Local Government Pension Schemes 	<p>Grampian VJB used a new actuary in 2024/25 (Hymans Robertson), and our procedures included a review over the information Grampian VJB provided to the actuary (and pension fund) on which the pension estimates were made. Furthermore, as part of our IAS 19 assurance protocol request, the auditor of the North East Scotland Pension Fund (NESPF) provided an evaluation of the design of the controls related to the accuracy and completeness of source data provided to the actuary, with no issues being raised.</p> <p>Usually, local government scheme pension liabilities (LGPS) calculated on an IAS 19 basis exceed any pension assets and members of the LGPS recognise a net pension liability on their balance sheet. However, a net defined benefit asset may arise where the defined benefit plan has been overfunded or where actuarial gains have arisen. This was the case for Grampian VJB, where the pension asset exceeded the pension liability by £14.063 million.</p>

Overview of significant risks identified – financial statements (3)

Risk identified in our Audit Plan	Audit procedures performed	Key observations
<p>2. Valuation of defined benefit pension scheme (continued)</p> <p>The actuary, Hymans Robertson, provides an annual IAS 19 actuarial valuation of Grampian VJB's net liabilities in the pension scheme. There are a number of assumptions contained within the valuation, including: discount rate; future return on scheme assets; mortality rates; and future salary projections.</p> <p>Given the material value of the scheme's gross assets and gross liabilities and the level of estimation in the valuation, there is an inherent risk that the defined benefit pension scheme net liability could be materially misstated within the financial statements. This risk is focussed on the appropriateness and reasonableness of the underlying assumptions adopted by the actuary and the suitability of these.</p> <p>We therefore consider this to be a significant risk to our audit and a key audit matter.</p>		<p>IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required in respect of onerous funding commitments. IFRIC 14 limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The pension asset can be recognised at the lower of the net pension asset or the present value of any economic benefits available.</p> <p>Grampian VJB requested an IFRIC14 assessment from the actuary which capped the pension asset at £nil. This was due to the IFRIC14 assessment where the present value of the benefits available were lower than the pension asset.</p> <p>Since the production of the draft financial statements, the Actuary notified Grampian VJB that an error had been made in the calculation of the benefits paid figures, therefore revised IAS19 calculations and a revised IFRIC14 assessment was provided to Grampian VJB. The figures were materially different; and therefore the amendments have been adjusted in the final set of financial statements by management. The impact was to decrease the total pension fund assets by £0.315 million. The impact meant the asset ceiling calculation changed from £14.378 million to £14.063 million to offset the decrease.</p> <p>The full detail of the amendment is set out on page 26.</p> <p>We concluded that the pension figures had been disclosed appropriately in the 2024/25 financial statements with the amendment noted above adjusted by management.</p>

Overview of significant risks identified – financial statements (4)

Risk identified in our Audit Plan	Audit procedures performed	Key observations
<p>3. Valuation of land and buildings</p> <p>In accordance with the CIPFA/LASAAC Code of Practice, subsequent to initial recognition, Grampian VJB is required to hold property and property, plant and equipment (PPE) on a valuation basis. The valuation basis used depends on the nature and use of the assets..</p> <p>Grampian VJB's valuations are performed by Moray Council's internal valuer, valuing land and buildings at least once every five years. In the intervening periods, the valuer carries out a desktop review to assess the material accuracy of the assets not revalued to inform Grampian VJB management. This includes an indexation assessment performed by the valuer. Grampian VJB has two office buildings valued at existing use value on their balance sheet, one owned and one with user rights.</p> <p>Given the value of the land, and non-specialised buildings held by Grampian VJB, and the level of complexity and judgement involved in their estimation process, there is an inherent risk of material misstatement in the year end valuation of some of these assets.</p> <p>We focussed our audit attention on reviewing if any assets had unusual changes in valuations compared to last year and / or unusual approaches to their valuations, as a significant risk requiring special audit consideration.</p>	<p>We have:</p> <ul style="list-style-type: none"> evaluated management's processes and controls for the calculation of the valuation estimates, the instructions issued to their valuer and the scope of their work; evaluated the competence, capabilities and objectivity of the valuation expert; challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; evaluated the most recent valuer's report and assessed for reasonableness; tested all of the asset revaluations made during the year to ensure they had been input accurately into Grampian VJB's asset register, and the revaluations had been correctly reflected in the financial statements; 	<p>Our audit work has not identified any material issues in respect of the valuation of land and buildings.</p> <p>Grampian VJB's two assets were not subject to a formal revaluation during 2024/25. Instead, the valuer completed a review over both assets, confirming that the current value of both assets were in line with the carrying value of the assets on the Balance Sheet.</p> <p>We completed a review over the valuer's work, confirming that this assessment was reasonable and based on appropriate evidence from reliable market sources.</p> <p>We received confirmations from the Moray Council valuer regarding the independence and the scope of the work undertaken by the valuer.</p>

Overview of significant risks identified – financial statements (5)

Risk identified in our Audit Plan	Audit procedures performed	Key observations
<p>4. Fraud in Expenditure Recognition</p> <p>Due to the presumption that there are risks of fraud in expenditure recognition, we are required to evaluate which types of expenditure, expenditure transactions or assertions give rise to such risks. As set out in Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom (PN10) issued by the Public Audit Forum, which applies to all public sector entities, we consider there to be an inherent risk of fraud in expenditure recognition.</p> <p>Grampian VJB expenditure includes both payroll and non-payroll costs. We consider payroll costs to be well forecast and are able to agree these costs to underlying payroll systems. As such we believe there is less opportunity for a material misstatement as a result of fraud to occur in this area.</p> <p>We therefore focus our risk on the non-payroll expenditure streams; other service expenses and support service recharges. Our testing will include a specific focus on year end cut-off arrangements, including consideration of the existence of accruals in relation to non payroll/non finance expenditure.</p>	<p>We have:</p> <ul style="list-style-type: none"> evaluated your accounting policy for recognition of expenditure for appropriateness and compliance with CIPFA Code of Audit Practice 2024/25; performed detailed testing of expenditure transactions at and around year-end to verify the accounting period transactions relate to and confirm that transactions have been recognised in the correct accounting period; reviewed the judgements and estimates made by management when recognising accruals and provisions at year end within the financial statements and where appropriate challenged management accordingly. 	<p>Our audit work has not identified any material issues in respect of expenditure recognition.</p>

Overview of significant risks identified – financial statements (6)

Risk rebutted in our identified in our Audit Plan	Audit procedures performed	Key observations
<p>Fraud in Revenue Recognition</p> <p>As set out in ISA (UK) 240 (Revised May 2021) there is a presumed risk that revenue may be misstated due to improper recognition of revenue in all entities.</p> <p>The risk of management manipulation and fraud is deemed to be low in relation to income. We have therefore rebutted the risk of fraud in revenue in relation to these income streams.</p> <p>(rebutted significant risk)</p>	<p>We have:</p> <ul style="list-style-type: none"> evaluated your accounting policy for recognition for appropriateness and compliance with the CIPFA Code of Audit Practice; performed substantive testing of transactions at and around year end to verify the accounting period the transactions related to and confirmed that transactions have been recognised in the correct accounting period; reviewed post year end receipts and verified the accounting period these transactions related to and confirmed they had been accounted for in the correct accounting period; and reviewed the judgements and estimates made by management when recognising accrued and deferred income at year end within the financial statements and where appropriate challenged management accordingly. 	<p>Our audit work has not identified any material issues in respect of revenue recognition.</p>

Other risks identified – financial statements

Risk identified in our Audit Plan	Audit procedures performed	Key observations
<p>5. Valuation of IFRS16 right of use assets</p> <p>In line with the Code of Audit Practice for Local Authority Accounting in the UK, Grampian VJB was required to adopt IFRS 16 Leases. 2024/25 was the first year Grampian VJB accounted for leases in line with IFRS 16.</p> <p>Under IFRS 16, a lessee is required to recognise right-of-use assets and associated lease liabilities in its Statement of Financial Position. This resulted in significant changes to the accounting for leased assets and the associated disclosures in the financial statements in the year ended 31 March 2025.</p> <p>As 2024/25 is the initial year of inception, additional disclosure is required in the first year to disclose the impact.</p>	<p>We have:</p> <ul style="list-style-type: none"> evaluated management's processes and controls for the introduction or right of use assets and associated liabilities into the financial statements. reviewed the calculations for each right of use asset included on the Balance Sheet to confirm the asset and liability had been calculated in line with IFRS 16 guidance performed a completeness review using the prior year accounts to confirm whether all relevant leases had been considered in accordance with IFRS 16 reviewed whether there are any peppercorn leases to confirm whether they had been considered in accordance with IFRS 16 reviewed the disclosures included in the financial statements to confirm all expected disclosures had been input as outlined the Code of Audit Practice. 	<p>Our audit work has not identified any significant issues in respect of the valuation of IFRS16 leases.</p> <p>We identified that the IFRS 16 note disclosure required to be updated to show the split between the right of use asset and the associated lease liability. These had incorrectly been shown together in the draft accounts.</p> <p>We undertook audit work on the introduction of the right of use asset and liability and identified errors in the calculation due to payments being incorrectly calculated in arrears rather than in advance.</p> <p>This resulted in the right of use asset being understated by £0.017 million and the associated liabilities understated by £0.013 million. Grampian VJB have not amended for the errors identified as they were below performance materiality; however, Grampian VJB have provided the re-worked IFRS 16 calculations and the audit team have confirmed they are in line with expectations. The updated calculations will be used in the 2025/26 accounts.</p> <p>We performed a disclosure check using the CIPFA Code of Audit Practice and confirmed that three IFRS 16 related disclosures had been excluded from the draft accounts. These disclosure were subsequently added to the accounts by management.</p>

4 Other findings

Other findings – information technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating – security management	ITGC control area rating – technology acquisition, development and maintenance	ITGC control area rating – technology infrastructure	Related significant risks / other risks
General ledger	ITGC design, implementation and operating effectiveness.	Green	Green	Green	Green	All significant risks
Payroll	ITCG design and implementation effectiveness only.	Green	Green	Green	Green	Valuation of pension scheme
Fixed Assets	ITCG design and implementation effectiveness only.	Green	Green	Green	Green	Property, Plant and Equipment

As Grampian VJB utilises the same systems as Moray Council, we place reliance over the ITGC work completed by the Moray Council audit team. There are no issues to raise to you from the work performed.

5 **Communication requirements and other responsibilities**

Communication requirements

Issue	Commentary
Matters in relation to fraud and irregularity	It is Grampian VJB's responsibility to establish arrangements to prevent and detect fraud and other irregularity. As auditors, we obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error. We obtain annual representation from management and those charged with governance regarding Grampian VJB's assessment of fraud risk, including internal control, fraud risk and any known or suspected frauds in year. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed in the Annual Report and Accounts.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work. We have not identified any cases of money laundering or fraud at Grampian VJB.
Written representations	A letter of representation has been requested from the Grampian VJB as required by auditing standards. This can be found as a separate item to this report. We request a standard letter of representation.
Accounting practices	We have evaluated the appropriateness of Grampian VJB's accounting policies, accounting estimates and financial statement disclosures.
Other returns to Audit Scotland	In accordance with the Audit Scotland Planning Guidance, as appointed auditors, we have prepared and submitted Fraud Returns and have contributed to shared intelligence for sector meetings and Technical Guidance Notes. There is nothing we need to bring to your attention in this respect.

Other responsibilities

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024).</p> <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by Grampian VJB meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> • the nature of Grampian VJB and the environment in which it operates • Grampian VJB's financial reporting framework • Grampian VJB's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. <p>In accordance with Audit Scotland guidance: Going concern in the public sector, we have therefore considered management's assessment of the appropriateness of the going concern basis of accounting and on the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> • a material uncertainty related to going concern has not been identified; and • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities (2)

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Minor amendments have been made to the Annual Report and we are satisfied that there are no unadjusted material inconsistencies to report.</p>
Auditable elements of Remuneration Report	<p>We are required to give an opinion on whether the parts of the Remuneration Report subject to audit have been prepared properly in accordance with the requirements of the CIPFA Code of Audit Practice 2024/25, and directions there under.</p> <p>We have audited the elements of the Remuneration Report and there are no issues to report to you.</p>
Annual Governance Statement	<p>We are required to report on whether the information given in the Annual Governance Statement is consistent with the financial statements and prepared in accordance with the requirements of the Delivering Good Governance Local Government: Framework 2016.</p> <p>No inconsistencies have been identified and we plan to issue an unqualified opinion in this respect.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception if, in our opinion:</p> <ul style="list-style-type: none"> • adequate accounting records have not been kept; • the financial statements and the audit part of the Remuneration are not in agreement with the accounting records; • we have not received all the information and explanations we require for our audit; or • there has been a failure to achieve a prescribed financial objective. <p>We have nothing to report on these matters.</p>

6 Audit adjustments

Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements made during the course of the audit are set out in the table below, together with their impact on the Comprehensive Income and Expenditure Statement (CIES), the balance sheet, and the reported net expenditure of Grampian VJB for the year ending 31 March 2025.

Note that with any of the adjustments there is no impact upon usable reserves.

Detail	Statement of Changes in Net Expenditure	Statement of Financial Position	Impact on total gross expenditure
Valuation of Pension scheme We identified that pension asset and asset ceiling was not reflected correctly in the accounts, resulting in Grampian VJB's share of the fair value of pension fund assets being overstated and the corresponding asset ceiling also being overstated. The overall impact on the financial statements was nil due to the impact of the asset ceiling, however the pension fund asset and asset ceiling both decreased by £0.315 million.		DR Pension Asset Ceiling £315,000 CR Pension Asset (£315,000)	Nil

Audit adjustments (2)

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of unadjusted misstatements

Detail	Statement of Changes in Net Expenditure	Statement of Financial Position	Impact on total gross expenditure
IFRS 16 We identified that the right of use asset and corresponding lease liability were not reflected correctly in the accounts, due to the calculation being performed in arrears. The correct methodology would be for the right of use asset to be calculated in advance. If this was updated; it would result in an increase to the right of use asset closing balance of £0.018 million and an increase to the closing lease liability of £0.013 million. Grampian VJB have not adjusted the accounts for this issue.	CR Interest Charge (£5,000)	DR Right of Use asset £18,000 CR Lease Liability (£13,000)	(£5,000)
Accruals We identified that expenditure relating to 2024/25 was not accrued at the year end and incorrectly included as expenditure in 2025/26. If this was updated; it would result in an increase to the expenditure in 2024/25 of £0.006 million and an increase to creditors of £0.006 million. Grampian VJB have not adjusted the accounts for this issue.	DR Expenditure £6,500	CR Creditors (£6,500)	£6,500

Impact of unadjusted misstatements – prior year

There were no prior year unadjusted misstatements.

Audit adjustments (3)

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Review of Annual Report and Accounts (General)	We identified minor casting errors, figures which had not yet been included and formatting issues as part of our review of the Annual Report and Accounts. These were raised and processed by management where necessary.	✓
Other Information	We have identified minor amendments required to be made to the annual report to ensure it is consistent with the financial statements. These have been amended by management.	✓
Annual Governance Statement	We identified additional disclosure was required in the Annual Governance Statement to include detail of the Internal Audit reasonable assurance opinion on the adequacy and effectiveness of the system of internal financial control for the year ended 31 March 2025	✓
Remuneration Report	We identified that additional narrative should be added to the Remuneration Report to clearly indicate the items which were subject to audit.	✓
Note 4 - Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	We identified that additional narrative should be added to the disclosure to confirm that the uncertainties included within the note may be subject to estimation uncertainty, and as such, could be revised in future periods as more information becomes available or as circumstances change.	✓

Audit adjustments (4)

Disclosure	Misclassification or change identified	Adjusted?
Note 7 - Expenditure and Funding Analysis	We identified that additional disclosure should be added as a footnote to explain the restatement of prior period figures was a result of presentation inconsistency identified in the 2023/24 Annual Accounts	✓
Note 9 – Earmarked Reserves	We identified that additional disclosure should be added to the note to explain the nature of the Electoral Integrity Programme	✓
Note 16 - Financial Instruments	We identified that the disclosure needed amendment to clarify the current financial liabilities balance at 31 March 2025.	✓
Note 18 – Unusable Reserves	We identified that the Employee Statutory Adjustment Account disclosure required to be amended to show the settlement of the prior year accrual and the amounts accrued at 31 March 2025.	✓
Note 22 – Leases Right of Use Assets	<p>We identified that the right of use asset disclosure did not identify leases already recognised at date of application. We also identified the accounts did not adequately disclose the difference between the operating lease commitments at 31 March 2024 (discounted using the incremental borrowing rate) and the lease liabilities at the date of initial application. Additional disclosure was added to the accounts.</p> <p>We identified that the weighted average interest used in the calculations of the lease liability needed to be included in the disclosure.</p>	✓
Note 24 - Defined Benefit Pension Scheme	<p>We identified that the reconciliation of the movement on the asset ceiling required by Code 6.4.3.45 was not included in the accounts and requested the Board added this disclosure.</p> <p>We identified that additional disclosure was required for the legal judgement on the Virgin Media case, including the impact of the case and appeal decision, the potential impact on the financial statements and why this cannot be quantified.</p> <p>We identified that additional disclosure was required to confirm the presentation of the note has been amended due to a change in actuary from Mercer to Hymans Robertson LLP. The change impacted the format and categorisation of some of the pension figures. The comparative figures for 2023/24 were restated to ensure consistency and transparency, but the overall totals remain unchanged.</p>	✓

7 Wider scope and best value arrangements

Wider scope audit

Our responsibilities under the Code extend beyond the audit of the financial statements. Under the Code and supporting guidance: “Supplementary guidance - wider scope audit, less complex bodies and Best Value” issued by Audit Scotland, there is an exemption in relation to the normal wider scope audit requirements of the Code for public bodies which are smaller and have limited financial activity (referred to as “Less Complex Bodies”).

As required by the Code and this supporting guidance, we have assessed both the quantitative and qualitative risk factors related to Grampian VJB and concluded that Grampian VJB qualifies for this exemption for 2024/25. From a quantitative perspective the gross revenue, gross assets and gross liabilities of Grampian VJB have not exceeded the £10.2 million limit set out in Audit Scotland’s guidance, and from a qualitative perspective we have not identified any wider scope risks beyond financial sustainability that would require further consideration during the audit.

Our wider scope work at Grampian VJB will be limited to the following areas specified for Less Complex Bodies in the Code:

Financial Sustainability

Concluding on the financial sustainability of the body and the services that it delivers over the medium to longer term.

Annual Governance Statement

A review of the Annual Governance Statement

Wider scope conclusions

This section of our report documents our conclusions from audit work on the wider scope area of financial sustainability, as set out in the Code. We take a risk-based audit approach to wider scope work.

Wider scope area	Our risk considerations and focus	Significant risk identified - final stage	Wider scope conclusion
Financial Sustainability	The projected financial position of Grampian VJB in the medium to longer term and the relevance and appropriateness of assumptions applied to financial plans that will allow the council to effectively deliver services in the future	No	<p>We have not identified a significant risk in relation to financial sustainability. Grampian VJB have developed a Medium-Term Financial Strategy which sets out future costs over a three-year period. Grampian VJB are projecting they will break even over the three-year period; however, the projections estimate that expenditure on employee costs will be significantly higher than in previous years.</p> <p>The revenue monitoring report presented to the Board on 31 October 2025 confirmed that Grampian VJB are predicting an underspend against the 2025/26 budget of £0.231 million.</p> <p>Grampian VJB have ongoing issues with recruitment and currently have nine positions vacant. Management continue to take a prudent approach in relation to budgeting for employee related costs which ensures that Grampian VJB will have an appropriate budget for employee costs should all roles be filled.</p>

- No risks identified
- Other risks identified.
- Significant risk identified.

Wider scope audit (2)

This section of our report sets out our conclusions from our audit work on the wider scope area of financial sustainability. This considers the medium to longer term financial position of Grampian VJB.

Audit plan risk	Wider scope audit response	Conclusion
No significant risk identified at planning.	<p>2024/25 Plan and Outturn</p> <p>As part of the budget setting process for 2024/25, Grampian VJB have prepared a three-year budget covering 2024/25 to 2026/27, with the 2024/25 budget approved in January 2024. The indicative three-year budget prepared to 2026/27 identifies Grampian VJB's expected expenditure over the three-year period. There is a gradual increase in expenditure over time and there is an in-built assumption that Grampian VJB will receive requisitions from the partner authorities to match their expenditure each year.</p> <p>Grampian VJB's budget set for 2024/25 proposed net expenditure of £5.178 million, split between core budget of £4.754 million and NDR reform budget of £0.424 million. The most significant portion of spend in the budget relates to employee benefits, which represents around 76% of expenditure.</p> <p>The proposed total requisition was £5.022 million, split between core budget of £4.754 million and NDR reform budget of £0.268 million. Grampian VJB intended to utilise £0.156 million of NDR reform reserves to balance the budget.</p> <p>The actual outturn for the year was £4.167 million, plus expenditure in year on the IFRS 16 lease interest and principal of £0.125 million. This resulted in an underspend of £0.730 million. Due to the underspend, the approved use of reserves was not required.</p> <p>Grampian VJB returned £0.297 million of request funding to partner authorities, resulting in a final total requisition and grant funding of £4.725 million. The funding not used in 2024/25 was transferred to the earmarked NDR Reform Reserve and the earmarked reserve for Electoral Integrity Programme (EIP). This increased usable reserves £1.180 million at 31 March 2025.</p>	The 2024/25 budget was approved by the Board in January 2024 as part of the three-year approach to budget setting

Wider scope audit (3)

Audit plan risk	Wider scope audit response	Conclusion																								
No significant risk identified at planning.	<p>2024/25 Plan and Outturn (continued) The outturn for the year is reflected in the table below:</p>	<p>Grampian VJB incurred a significant underspend against budget of £0.730 million, primarily as a result of underspend in employee costs due to vacancies and additional income received during the year.</p>																								
	<table> <thead> <tr> <th></th> <th data-bbox="1064 440 1320 534">Budget 2024/25 (£000s)</th> <th data-bbox="1487 440 1743 534">Actual 2024/25 (£000s)</th> </tr> </thead> <tbody> <tr> <td>Total gross expenditure</td><td data-bbox="1154 555 1244 584">5,197</td><td data-bbox="1564 555 1653 584">4,662</td></tr> <tr> <td>Total non-requisition income</td><td data-bbox="1154 613 1244 642">(19)</td><td data-bbox="1564 613 1653 642">(495)</td></tr> <tr> <td>Total net expenditure</td><td data-bbox="1154 671 1244 699">5,178</td><td data-bbox="1564 671 1653 699">4,167</td></tr> <tr> <td>Total requisition income</td><td data-bbox="1154 728 1244 757">(5,022)</td><td data-bbox="1564 728 1653 757">(5,022)</td></tr> <tr> <td>IFRS 16 related costs</td><td data-bbox="1154 786 1244 815">Nil</td><td data-bbox="1564 786 1653 815">125</td></tr> <tr> <td>Outturn for the year</td><td data-bbox="1154 843 1244 872">156</td><td data-bbox="1564 843 1653 872">(730)</td></tr> <tr> <td>Use of reserves</td><td data-bbox="1154 901 1244 930">(156)</td><td data-bbox="1564 901 1653 930">Nil</td></tr> </tbody> </table>		Budget 2024/25 (£000s)	Actual 2024/25 (£000s)	Total gross expenditure	5,197	4,662	Total non-requisition income	(19)	(495)	Total net expenditure	5,178	4,167	Total requisition income	(5,022)	(5,022)	IFRS 16 related costs	Nil	125	Outturn for the year	156	(730)	Use of reserves	(156)	Nil	
	Budget 2024/25 (£000s)	Actual 2024/25 (£000s)																								
Total gross expenditure	5,197	4,662																								
Total non-requisition income	(19)	(495)																								
Total net expenditure	5,178	4,167																								
Total requisition income	(5,022)	(5,022)																								
IFRS 16 related costs	Nil	125																								
Outturn for the year	156	(730)																								
Use of reserves	(156)	Nil																								

The variance was due to two main contributory factors; an underspend of £0.412 million in Employee Costs due to ongoing staff vacancies and additional grant and service income during the year of £0.383 million. The underspend resulted in the General Fund reserves balances increasing by £0.433 million in 2024/25, resulting in Grampian VJB holding total General Fund reserves of £1.180 million at the 31 March 2025.

Wider scope audit (4)

Audit plan risk	Wider scope audit response	Conclusion
No significant risk identified at planning.	<p>2025/26 Financial Planning and Beyond</p> <p>In January 2025, the Board approved a three-year revenue budget covering 2025/26 to 2027/28. The 2025/26 budget includes several areas where expenditure is expected to increase in comparison to 2024/25 and the final approved budgeted net expenditure totalled £5.699 million.</p> <p>This expenditure is to be met by requisitions from constituent authorities of £5.399 million and the approved use of electoral reform reserves of £0.300 million. This is an expected £1.532 million (37%) increase on 2024/25 net expenditure and a £0.674 million (14%) increase on the 2024/25 final requisition income.</p> <p>The three-year budget is reflected in the table below:</p>	Grampian VJB have prepared a medium-term financial strategy covering three financial years, which will be subject to review on an annual basis.

	2025/26	2026/27	2027/28
	(£000s)	(£000s)	(£000s)
Total gross expenditure	5,720	5,543	5,692
Total non-requisition income	(21)	(21)	(21)
Total requisition income	(5,399)	(5,522)	(5,671)
Use of reserves	(300)		
(Surplus)/Deficit for the year	-	-	-

Employee benefit costs are the most significant cost to Grampian VJB, and account for approximately 70% of total expenditure. Vacancies have been an ongoing issue for the Board for some time now, with significant underspends reported in this area since 2020/21. Recruitment of suitably qualified valuation staff is an ongoing challenge, although Grampian VJB were successful in recruiting new staff during the latter part of 2024/25.

Wider scope audit (5)

Audit plan risk	Wider scope audit response	Conclusion
No significant risk identified at planning.	<p>2025/26 Financial Planning and Beyond (continued)</p> <p>Management recognise the challenge in recruiting staff as a key risk to the organisation and future delivery. As part of the three-year revenue budget, management have continued to assume a 3% increase in employee costs in each financial year covered by the budget. This is despite experiencing significant underspends in employee costs in previous years due to ongoing vacancies. There is a risk that vacancies, which are particularly prevalent in the valuation team, will make it difficult for Grampian VJB to achieve the planned delivery of services.</p> <p>The ongoing vacancies also make it more difficult to produce accurate financial forecasts, due to the lack of clarity around when vacancies will be filled. Grampian VJB recognise the need to address the significant underspends in employee costs and are reviewing as part of the budget setting process. However, a prudent approach is being taken to budget setting, as Grampian VJB do not want to reduce the budget for employee costs due to past recruitment difficulties, as it would present a misleading position and lower reserves balances.</p> <p>The Board is provided an update on the level of vacancies and the steps being taken to improve the situation at each Board meeting. The most recent update presented to the October 2025 Board meeting confirmed that there are currently nine vacant posts, four of which are within the Valuation team. This includes the Principal Administration Officer post, which is currently vacant due to retirement of the previous postholder.</p> <p>While the level of vacancies remain high, Grampian VJB are taking steps to address this in future years. Grampian VJB are working with other Assessors to develop a training framework for their Graduate Trainee Valuers. An internal programme of formal training and development sessions has been organised to assist graduates in completing the RICS Assessment of Professional Competence. The Depute Assessor has also attended the Business and Finance Fair at the University of Aberdeen, using it as an opportunity to make graduates aware of Grampian VJB and potential employment opportunities. In the short term, Grampian VJB continue to advertise vacant posts and are maintaining efforts to fill vacant posts.</p>	<p>Management continue to take a prudent approach in relation to budgeting for employee related costs. This approach is supported by Board members and ensures that Grampian VJB will have an appropriate budget for employee costs should all roles be filled.</p> <p>There is a risk that staffing challenges may make it difficult for Grampian VJB to achieve their planned delivery, as well introducing financial uncertainty impacting their ability to produce accurate budgets.</p> <p>Grampian VJB are taking steps to address the level of vacancies and raise the profile of the organisation amongst graduates.</p>

Wider scope audit (6)

Audit plan risk	Wider scope audit response	Conclusion																		
No significant risk identified at planning.	<p>2025/26 Financial Planning – Budget Monitoring 2025/26</p> <p>Grampian VJB presented the Quarter 2 revenue monitoring report to the Board on 31 October 2025. The report provides an update on the Grampian VJB's performance against the 2025/26 budget.</p> <p>The budget position at the end of September 2025 is an underspend against budget to date of £0.085 million. The most significant element of the underspend relates to employee costs, due to ongoing level of vacancies.</p> <p>The monitoring report also shows the estimated outturn for the full financial year. The revenue budget is currently projected to have an underspend of £0.231 million at year end. This is reflected in the table below:</p>	Grampian VJB are predicting an underspend against the 2025/26 budget of £0.231 million.																		
<table border="1" data-bbox="506 673 1743 1058"> <thead> <tr> <th></th><th data-bbox="1205 673 1326 764">Budget (£000s)</th><th data-bbox="1479 673 1743 764">Estimated Outturn (£000s)</th></tr> </thead> <tbody> <tr> <td>Total gross expenditure</td><td data-bbox="1205 779 1326 817">5,720</td><td data-bbox="1564 779 1658 817">5,551</td></tr> <tr> <td>Total non-requisition income</td><td data-bbox="1205 832 1326 871">(21)</td><td data-bbox="1564 832 1658 871">(83)</td></tr> <tr> <td>Total requisition income</td><td data-bbox="1205 885 1326 924">(5,399)</td><td data-bbox="1564 885 1658 924">(5,399)</td></tr> <tr> <td>Use of reserves</td><td data-bbox="1205 938 1326 977">(300)</td><td data-bbox="1564 938 1658 977">(300)</td></tr> <tr> <td>(Surplus)/Deficit for the year</td><td data-bbox="1205 992 1326 1031">-</td><td data-bbox="1564 992 1658 1031">(231)</td></tr> </tbody> </table>				Budget (£000s)	Estimated Outturn (£000s)	Total gross expenditure	5,720	5,551	Total non-requisition income	(21)	(83)	Total requisition income	(5,399)	(5,399)	Use of reserves	(300)	(300)	(Surplus)/Deficit for the year	-	(231)
	Budget (£000s)	Estimated Outturn (£000s)																		
Total gross expenditure	5,720	5,551																		
Total non-requisition income	(21)	(83)																		
Total requisition income	(5,399)	(5,399)																		
Use of reserves	(300)	(300)																		
(Surplus)/Deficit for the year	-	(231)																		

Best value arrangements

The Code of Audit Practice requires that auditors assess and report on audited bodies' performance in meeting their Best Value duties as part of the annual audit.

The duty of Best Value includes:

- to make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and, in making those arrangements and securing that balance,
- to have regard to economy, efficiency, effectiveness, the equal opportunities requirements and to contribute to the achievement of sustainable development.

The Code of Audit Practice requires that auditors incorporate the themes of Best Value in the work as part of the annual audit in the remit of work required to be undertaken as part of the wider scope.

Grampian VJB has adequate arrangements in place with regards best value.

8 Independence considerations

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers and managers). In this context, there are no independence matters that we would like to report to you.

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. No breaches have been identified by the team.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and Grampian VJB that may reasonably be thought to bear on our integrity, independence and objectivity.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the organisation as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and Grampian VJB.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of Grampian VJB's board, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person (and network firms) have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Fees and non-audit services

We confirm below our final fee charged for the audit and confirm there were no fees for the provision of non-audit services.

External Audit Fee	Planned Fees	Final Fees
Auditor Remuneration - baseline	£20,560	£20,560
Auditor Remuneration - additional	£1,500	£1,500*
Pooled Costs	£520	£520
Sectoral Cap Adjustments	-£11,570	-£11,570
2024/25 Audit Fee	£11,010	£11,010

Fees for other non-audit services	Final Fees
We confirm that for 2024/25 we did not receive any fees for non-audit services	Nil

This covers all services provided by us and our network to Grampian VJB, its directors and senior management and its affiliates, that may reasonably be thought to bear on our integrity, objectivity or independence.

This Annual Audit Report was considered by the Grampian VJB Board on 30 January 2026 including agreement of audit fees.

*Additional auditor remuneration is levied in total for £1,500, bringing the total audit fee to £11,010. As detailed in our Audit Plan from March 2025, we performed additional testing over journals due to the lack of authorisation in place during 2024/25. We also required to perform additional work on the new accounting standard IFRS16 which is in addition to base fee. Grampian VJB have been informed of the final fee, and this is reflected in the in the financial statements.

The fees reconcile to the financial statements as follows:

- fees per financial statements (rounded) £11,000
- total fees per above £11,010

Fees and non-audit services (2)

Client service

We take our client service seriously and continuously seek your feedback on our external audit service. Should you feel our service falls short of expected standards please contact Joanne Brown, Head of Public Sector Assurance Scotland in the first instance who oversees our portfolio of Audit Scotland work (joanne.e.brown@uk.gt.com). Alternatively, should you wish to raise your concerns further please contact Mark Stocks, Partner, 8 Finsbury Circus, London, EC2M 7EA.

If your feedback relates to audit quality and we have not successfully resolved your concerns, your concerns should be reported to John Gilchrist, Audit Scotland Quality and Appointments in accordance with the Audit Scotland audit quality complaints process.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets our details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [transparency-report-2024-.pdf](#)

9 Appendices

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Annual Audit Report
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Confirmed no reliance on internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Annual Audit Report

This report is addressed to Grampian VJB and the Accounts Commission and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

A. Communication of audit matters with those charged with governance (2)

Our communication plan	Audit Plan	Annual Audit Report
Views about the qualitative aspects of the organisation's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures	●	
Significant findings from the audit	●	
Significant matters and issue arising during the audit and written representations that have been sought	●	
Significant difficulties encountered during the audit	●	
Significant deficiencies in internal control identified during the audit	●	
Significant matters arising in connection with related parties	●	
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements	●	
Non-compliance with laws and regulations	●	
Unadjusted misstatements and material disclosure omissions	●	
Expected modifications to the auditor's report, or emphasis of matter	●	

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Annual Audit Report, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

B. Action plan

We set out here our recommendations for the organisation which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards. We have identified one recommendation in relation to the financial statements.

Issue	Management response
1. Asset Revaluation	Discussions are in hand with the relevant Council service.

Moray Council's asset valuer, who also performs the valuation for Grampian VJB retired in October 2025 will be changing in 2025/26 and Grampian VJB will need to ensure there is replacement in place who can perform the revaluations exercise in 2024/25. Grampian VJB will need to ensure the requirements of the audit are understood and factored into the work programme to allow timely and comprehensive response to audit queries

Recommendation:

Grampian VJB should ensure there is early discussion with the new valuer and external auditors to ensure the new valuer is aware of the responsibilities they will need to undertake as part of the audit process.

C. Follow up of previous recommendations – financial statements

We identified three financial statements recommendations in the audit of Grampian VJB's 2023/24 audit, and all have been cleared during 2024/25.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Complete	<p>1. IFRS16</p> <p>In line with the Code of Audit Practice for Local Authority Accounting in the UK, Grampian VJB will be required to adopt IFRS 16 Leases in 2024/25. Grampian VJB did not choose to undertake early adoption of IFRS 16 and therefore 2024/25 will be the first year Grampian VJB will account for leases in line with IFRS 16.</p> <p>Under IFRS 16 a lessee is required to recognise right-of-use assets and associated lease liabilities in its Statement of Financial Position. This will result in significant changes to the accounting for leased assets and the associated disclosures in the financial statements in the year ended 31 March 2025.</p> <p>Recommendation: Grampian VJB should ensure that it understands the full accounting requirements of IFRS 16 and have identified all potential leases which will fall under IFRS 16, if this is relevant. Grampian VJB will also need to ensure that it revises its accounting policies for the year ended 31 March 2025 to reflect the requirements of this accounting standard.</p>	<p>Grampian VJB required to adopt IFRS 16 Leases for the first time in 2024/25. Under IFRS 16, Grampian VJB was required to recognise a right of use asset and an associated lease liability in its Statement of Financial Position. This related to the lease of Woodhill House.</p> <p>We undertook detailed audit work on the introduction of the right of use asset and liability and identified errors in the calculation due to payments being incorrectly calculated in arrears rather than in advance.</p> <p>This resulted in the right of use asset being understated by £0.017 million and the associated liabilities understated by £0.013 million. Grampian VJB have not amended for the errors identified as they were below performance materiality; however, Grampian VJB have provided the re-worked IFRS 16 calculations and the audit team have confirmed they are in line with expectations. The updated calculations will be used in the 2025/26 accounts.</p> <p>Recommendation closed.</p>

Assessment

Action completed

Not yet addressed

C. Follow up of previous recommendations – financial statements (2)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Complete	<p>2. Capacity and resourcing</p> <p>The target timeline for the delivery of the audit has not been achieved. Prior to the start of the audit, it was agreed that the 30 September deadline would not be achieved due to the finance team having other priorities. The timeline of the Grampian VJB audit was altered, with the Annual report due to be presented at the 01 November 2024 Board meeting.</p> <p>Audit work commenced in September 2024, however due to delays in receiving supporting information from the client, it was agreed that the audit be paused and completed in December 2024, with the Annual Report being presented to the 31 January Board meeting.</p> <p>Recommendation: Grampian VJB should ensure that there are adequate resources to respond to the audit with the aim to return to target dates in future years.</p>	<p>Whilst the audit has not been delivered by the required 30 September deadline, the timeline for completing the audit was planned and agreed by the audit team. Grampian VJB had processes in place to deliver the audit by the 30 September deadline and efforts will be made to ensure the 2025/26 audit can be delivered by the deadline.</p> <p>Recommendation closed.</p>

C. Follow up of previous recommendations – financial statements (3)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Superseded	<p>3. Valuations</p> <p>Moray Council's asset valuer (who also performs the valuation exercise for Grampian VJB) retired in September 2024 and Grampian VJB will need to ensure it has a replacement in place who can perform the revaluations exercise in 2024/25.</p> <p>Recommendation: Grampian VJB should ensure there is early discussion with the new valuer and external auditors to ensure the new valuer is aware of the responsibilities they will need to undertake as part of the audit process.</p>	<p>Due to a further retirement in October 2025, the Valuer is changing in 2025/26 and Grampian VJB must ensure the new valuer understands the requirements of audit. A new recommendation has been made at Appendix B.</p> <p>Recommendation superseded.</p>



© 2026 Grant Thornton. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton International Ltd (GTIL) and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.