

Infrastructure assets are inalienable assets, expenditure on which is only recoverable by continued use of the asset created. They include carriageways, structures, street lighting, street furniture and traffic management systems, and are measured in the accounting code at historical cost. A replaced component of an asset has to be derecognised and council records of additions do not permit compliance with the accounting code. A failure to derecognise assets correctly results in potential double-counting and an overstatement of the gross book value, accumulated depreciation and net book value of the assets.

The Scottish Government originally issued a temporary statutory override in Finance Circular 9/2022 which applied to the 2022/23 and 2023/24 financial years. However, as a permanent solution has not yet been agreed, Finance Circular 8/2024 extends the applicable period to include 2024/25.

The council continued to apply both statutory overrides in its 2023/24 annual accounts. We will continue to monitor and consider any actions required by the council once a resolution has been agreed and implemented.

There was one identified misstatement

25. It is our responsibility to request that all misstatements, other than those below our reporting threshold, are corrected, although the final decision on making the correction lies with those charged with governance.

26. Only one misstatement was identified totalling £20.0 million (prior year £21.7 million) which exceeds our performance materiality threshold. We considered whether further audit procedures were required and reviewed the nature and causes of this misstatement, which related to the unfunded element of the pension liability (as outlined at paragraph 23). We have concluded that this arose from issues that are isolated and identified in their entirety and do not indicate further systemic error. We considered whether the misstatement presented any further material risk of misstatement in the relevant account area and concluded it did not.

27. In accordance with normal audit practice, a few presentational and disclosure amendments were discussed and agreed with management. The disclosure changes were satisfactory.

The unaudited annual accounts were received in line with the agreed audit timetable

28. The unaudited annual accounts were received in line with our agreed audit timetable on 30 June 2024. The working papers provided with the unaudited accounts were of a good standard and Finance and other council staff provided good support to the audit team during the audit. This helped ensure that the audit of the annual accounts process ran smoothly.