

Audit risk	Assurances, results and conclusions
<p><b>2. Estimation in the valuation of land and buildings</b></p> <p>There is a significant degree of subjectivity in the valuation of land and buildings. Valuations are based on specialist and management assumptions, and changes in these can result in material changes to valuations. All non-current assets are revalued on a five-year rolling basis. Values may also change year on year, and it is important that West Lothian Council ensures the financial statements accurately reflect the value of the land and buildings.</p> <p>In addition, the council requires to satisfy itself that the carrying amounts of those assets not revalued at 31 March 2024 are not materially different to their current value.</p> <p>Due to the inherent complexity and subjectivity risks regarding land, buildings and dwellings' valuations, a significant risk of material misstatement in the 2023/24 valuations has been identified.</p>	<p><b>Results:</b> We are satisfied that there is no material misstatement due to management override of controls.</p> <hr/> <p><b>Controls</b></p> <ul style="list-style-type: none"> <li>Evaluated the approach that the council adopted to assess the risk that assets not subject to valuation are materially misstated and consider the robustness of that approach.</li> </ul> <p><b>Management Experts</b></p> <ul style="list-style-type: none"> <li>Evaluated the competence, capabilities and objectivity of the professional valuers.</li> </ul> <p><b>Methodology and assumptions</b></p> <ul style="list-style-type: none"> <li>Assessed the methodology used by the valuers by considering whether valuations were conducted in accordance with the RICS Valuation Professional Standards 'the Red Book'.</li> <li>Assessed the reasonableness of valuations conducted by the professional valuers, including the use of any assumptions.</li> </ul> <p><b>Testing</b></p> <ul style="list-style-type: none"> <li>Substantively tested the reconciliation between the financial ledger and the asset register, including a sample of land and building assets revalued in the year.</li> </ul> <p><b>Disclosures</b></p> <ul style="list-style-type: none"> <li>Assessed the adequacy of the council's disclosures regarding the assumptions in relation to the valuation of land and buildings.</li> </ul> <p><b>Results:</b> We are satisfied the current valuation of land and buildings is not materially misstated.</p>

Source: Audit Scotland

**23.** In addition, we identified an “area of audit focus” in our 2023/24 Annual Audit Plan where we considered there to be risks of material misstatement to the financial statements. The area of specific audit focus was:

- Valuation of Pension Asset or Liability:** The calculation of the pension asset or liability requires the use of an actuarial methodology based on a range of assumptions including financial and demographic assumptions. We assessed the scope, independence and competence of the professionals engaged in providing estimates for pensions and reviewed the appropriateness of actuarial assumptions and results including comparison with other councils.