

REPORT TO: TAYSIDE VALUATION JOINT BOARD – 27 AUGUST 2018

REPORT ON: INTERNAL AUDIT

REPORT BY: ASSESSOR

REPORT NO: TVJB 16-2018

1 PURPOSE OF REPORT

1.1 To present to the Board the Internal Audit Annual Plan for 2018/19 (No 2019/01) which is attached as an Appendix to this report.

2 RECOMMENDATIONS

2.1 The Board is asked to note the Internal Audit Annual Plan for 2018/19.

3 FINANCIAL IMPLICATIONS

3.1 The cost of Internal Audit Services is provided for in the Assessor's Revenue Budget.

4 POLICY IMPLICATIONS

4.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

5 BACKGROUND

5.1 Henderson Loggie, Chartered Accountants, were appointed to provide an Internal Audit Service in respect of the period from 1 April 2016 to 31 March 2019. Audit work has proceeded in accordance with the Audit Needs Assessment and Strategic Plan for the period 2016 to 2019 as approved by the Board on 22 August 2016.

5.2 The Internal Audit Annual Plan 2018/19 (No 2019/01) is attached as an Appendix to this report. It sets out the scope and objectives for assignments which will be carried out by Internal Audit during the year 2018/19. At the conclusion of each assignment a detailed report will be made to the Board. The assignments include:

- Council Tax
- Maintenance of Accuracy of the Electoral Register
- Risk Management / Business Continuity Planning
- Follow-Up Reviews

6 CONSULTATIONS

6.1 The Clerk and Treasurer to the Board have been consulted on this report.

7 BACKGROUND PAPERS

7.1 None.

ALASTAIR KIRKWOOD
Assessor

August 2018

Tayside Valuation Joint Board

Internal Audit Annual Plan 2018/19

Internal Audit Report No: 2019/01

Draft Issued: 06 August 2018

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1. Introduction

- 1.1 The purpose of this document is to present to the members of Tayside Valuation Joint Board ('the Board') the annual internal audit operating plan for the year ended 31 March 2019. The plan is based on the proposed allocation of audit days for 2018/19 set out in the Audit Needs Assessment and Strategic Plan 2016 to 2019. The preparation of the Strategic Plan involved dialogue with management and with the Treasurer.
- 1.2 At Section 3 of this report we have set out the outline scope and objectives for each audit assignment to be undertaken during 2018/19, together with the proposed audit approach. These were arrived at following discussion with the Assessor.
- 1.3 Separate reports will be issued for each assignment. Recommendations are graded in each report to reflect the significance of the issues raised.
- 1.4 Our audit service complies with the Public Sector Internal Audit Standards (PSIAS).

2. Strategic Plan 2016 to 2019

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Reputation						
Compliance with Legislation	1.1, 4.6, 5.1, 7.4	All years in previous Strategic Plan		3		To ensure that there are effective arrangements to review compliance with The Procurement Reform (Scotland) Act 2014, The Public Contracts (Scotland) Regulations 2015 (which transpose the public procurement Directive) and The Procurement (Scotland) Regulations 2016 (which were made under the Act). Compliance with relevant legislation will also be considered where applicable on all audits.
Performance Reporting		2013/14	3			To ensure that the format, content and timeliness of management information, both financial and non-financial, provided to senior management and to the Joint Board, focusses on what is set out in the Annual Public Performance Report. We will also consider whether the information reported to the Joint Board is appropriate, and whether such information is accurate and easy to understand for those who use it.
Council Tax						
Maintenance of the Accuracy of Records Relating to Property Bandings / Valuation and Updating Procedures / Administering Proposals / Control of Input to the Valuation List	5.2	2015/16			5	To review the adequacy and effectiveness of the controls and procedures in place to ensure the accuracy of records relating to all domestic properties within the Board's area and that all property bandings are appropriate and only approved changes, new entries, deletions and amendments, proposals and appeals are made to the Valuation List.

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Non-Domestic Rates						
Maintenance of the Accuracy of Records Relating to Current Property Values / Valuation and Updating Procedures / Administering Appeals / Control of Input to the Valuation Roll	5.2	2014/15	3	4		2016/17: To review the Board's preparations for revaluation of non-domestic properties in April 2017. 2017/18: To review adequacy and effectiveness of the controls and procedures in place to ensure that the records relating to current property values are up to date and accurate, valuations and appeals are dealt with appropriately and timeously, and appropriate controls are in place over entries and amendments made to the Valuation Roll.
Electoral Register						
Maintenance of Accuracy of the Electoral Register	Section 6	2015/16			4	To review the adequacy and effectiveness of the controls and procedures in place to ensure that the Register of Electors published annually for the Angus and Perth & Kinross council areas are up-to-date and accurate.
Estates and Facilities						
Asset Management		2013/14	4			To establish whether the Board's asset management arrangements ensure that assets are safeguarded and that capital expenditure plans are appropriate and in line with the Board's strategic objectives. A high-level review of the Board's property lease options will also be considered.
Organisational Issues						
Risk Management / Business Continuity Planning	1.2, 4.2	2014/15			2	To undertake a high-level review of the Board's procedures for assessing, monitoring and mitigating risk. We will also consider whether there are adequate plans in place to minimise disruption to operations following loss of life, buildings or equipment and that these are regularly tested.

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Corporate Governance		2013/14		4		Cyclical check to undertake a high-level review of the corporate governance arrangements in place within the Board to ensure that the governance framework represents best practice as set out in the updated CIPFA code of practice published in September 2016. We will also review the Scheme of Delegation and Standing Orders as they pertain to the Joint Board.
Other Audit Activities						
Management & planning, attendance at Joint Board meetings & liaising with external audit			2	2	2	
Follow-up			1	2	2	Follow up of outstanding internal audit recommendations.
ANA			2	-	-	
Total			15	15	15	

3. Outline Scope and Objectives

Audit Assignment:	Council Tax
Priority:	Medium
Joint Board Meeting:	January 2019
Days:	5

Scope

This audit will review the adequacy and effectiveness of the controls and procedures in place to ensure the accuracy of records relating to all domestic properties within the Board's area and that all property bandings are appropriate and only approved changes, new entries, deletions and amendments, proposals and appeals are made to the Valuation List.

Objectives

The specific objectives of the review will be to seek reasonable assurance that:

- there are appropriate procedures in place to ensure that all domestic properties in the area are on the Valuation List and that the entries are accurate and agree with the assessed property bandings;
- any changes; new entries and amendments to properties on the Valuation List are properly authorised and approved by suitably qualified professional and technical staff;
- all proposals and appeals of council tax bandings are addressed and cleared by appropriately qualified professional and technical staff in accordance with the statutory timetable;
- checks are in place to ensure that the Valuation List is accurately and timeously amended to record the outcome of an appeal;
- controls are in place to ensure that late amendments to the current List are picked up and reflected in the new List;
- only authorised staff can input amendments and all new entries are checked independently and evidenced;
- authorised staff change their passwords in line with pre-determined password policies and where staff leave their access is suspended;
- all deletions are properly authorised by a Valuer or Senior Valuer and there are procedures in place to ensure that staff do not make alterations to any properties on the List in which they have an interest; and
- all changes to the Valuation List are reported timeously to the Local Authorities and appropriate notices are issued to taxpayers.

Our audit approach will be:

From discussion with relevant staff, and review of procedural documentation, we will identify the key internal controls in place within the council tax valuation and appeals systems and compare these with expected controls. Audit testing will then be carried out to ensure that the controls in place are operating effectively.

**Tayside Valuation Joint Board
Internal Audit Annual Plan 2018/19 DRAFT**

Audit Assignment:	Maintenance of Accuracy of the Electoral Register
Priority:	Medium
Joint Board Meeting:	June 2019
Days:	4

Scope

This audit will review the adequacy and effectiveness of the controls and procedures in place to ensure that the Registers of Electors published annually for the Angus and Perth and Kinross council areas are up to date and accurate.

Objectives

The specific objectives of the review will be to seek reasonable assurance that:

- there are appropriate procedures and checks in place to ensure that all relevant households in the Angus and Perth & Kinross council areas are on the registers and are included in the annual canvass;
- checks are in place for recording all registration applications received, including those made via the UK Government's digital service, by telephone and in writing;
- adequate procedures are in place to ensure accurate processing and updating of the system for all changes, including those arising from the annual canvass;
- adequate procedures are in place to ensure those who elect to be excluded from the open register are;
- appropriate procedures are in place for postal and proxy votes and they are properly controlled;
- adequate procedures and checks are in place to ensure that the information in the electoral register and the open register are accurate;
- adequate controls are in place to ensure that requests for information from external parties are dealt with appropriately; and
- only authorised staff can input amendments and they change their passwords in line with pre-determined password policies. Where staff leave their access is suspended.

Our audit approach will be:

From discussion with relevant staff, and review of procedural documentation, we will identify the key internal controls in place within the electoral registration system and compare these with expected controls. Audit testing will then be carried out to ensure that the controls in place are operating effectively.

**Tayside Valuation Joint Board
Internal Audit Annual Plan 2018/19 DRAFT**

Audit Assignment: Risk Management / Business Continuity Planning

Priority: Medium

Joint Board Meeting: December 2018

Days: 2

Scope

This review will include a high level review of the Board's procedures for assessing, monitoring and mitigating risk. We will also consider whether there are adequate plans in place to minimise disruption to operations following loss of life, buildings or equipment and that these are regularly tested.

Objectives

Risk Management

The main objective of our audit will be to obtain reasonable assurance that systems in place are sufficient to ensure that:

- A formal risk management process is in place, including formally documented policies and procedures;
- Responsibility for managing risks are clearly assigned;
- Staff are trained in risk management;
- There is an ongoing review of risk management procedures for continual improvement; and
- Key risks have been identified and are being appropriately controlled and mitigated.

Business Continuity

To obtain reasonable assurance that:

- Business Continuity Plans (BCPs) are in place covering all of the Board's activities; and
- the BCPs are workable, properly communicated to members of staff, and have been adequately tested.

Our audit approach will be:

Risk Management

We will discuss the risk management process with staff and review appropriate policies and procedures. Risk management documents and reports, such as the risk register, will then be reviewed.

Business Continuity

Review the BCP in place and consider whether it covers all of the Board's activities.

Discuss the Board's approach to business continuity with the Bridge Manager and review evidence of how plans have been communicated to staff and the extent to which plans have been tested.

**Tayside Valuation Joint Board
Internal Audit Annual Plan 2018/19 DRAFT**

Audit Assignment:	Follow-Up Reviews
Priority:	Various
Joint Board Meeting:	June 2019
Days:	2

Scope

This review will cover the following reports from the 2017/18 internal audit programme and reports from earlier years where previous follow-up identified recommendations outstanding:

- Report 2018/02 – Compliance with Legislation - Procurement;
- Report 2018/04 – Corporate Governance; and
- Report 2018/05 – Follow-up Reviews.

Internal Audit Reports 2018/01 – Annual Plan 2017/18, 2018/03 – Non-Domestic Rates and 2018/06 – Annual Report 2017/18 did not contain any action plans and therefore no follow-up of these reports is required.

Objective

The objective of our follow-up review will be to assess whether recommendations made in internal audit reports from 2017/18 and outstanding actions from previous years have been appropriately implemented and to ensure where little or no progress has been made towards implementation, that plans are in place to progress them.

Our audit approach will be:

- to request from responsible officers for each report listed above an update on the status of implementation of the recommendations made;
- to ascertain by review of supporting documentation, for any significant recommendations within the reports listed above, whether action undertaken has been adequate; and
- prepare a summary of the current status of the recommendations for the Board.