

REPORT TO: TAYSIDE VALUATION JOINT BOARD – 28 AUGUST 2017

REPORT ON: RESPONSE TO THE PROPOSED ANNUAL AUDIT REPORT 2016/2017.

REPORT BY: TREASURER

REPORT NO: TVJB 17-2017

1 PURPOSE OF REPORT

This report is a response to the report prepared by the Board's External Auditor on the audit of Tayside Valuation Joint Board for the year ended 31 March 2017. A copy of the External Auditor's report and the Board's Audited Statement of Accounts are included on the agenda as separate items.

2 RECOMMENDATIONS

It is recommended that the Board:-

- i endorses this report as the formal response to the External Auditor's report;
- ii notes that the External Auditor's findings and conclusions are favourable;

3 FINANCIAL IMPLICATIONS

None.

4 MAIN TEXT

Introduction

- 4.1 The external audit of the Board for the financial year 2016/2017 was carried out by Mr Bruce Crosbie, Senior Audit Manager, Audit Scotland. The Joint Board's External Auditors are appointed for a five year period and the financial year 2016/2017 marked the first year of Audit Scotland's appointment.

External Auditor's Report

- 4.2 The External Auditor's report outlines his main responsibilities as auditor and describes the scope of audit work undertaken during 2016/2017, and the issues arising from that work.
- 4.3 In addition to the Members of the Board, the External Auditor's Report is addressed to the Controller of Audit at the Accounts Commission for Scotland. Given this wider audience, and the extent of the External Auditor's responsibilities and scope of work, his report is by necessity both fulsome and extensive.

A copy of the report is included on the agenda as a separate item. Accordingly, it is not the intention of this report to provide a detailed response or commentary on all of the External Auditor's findings.

Conclusions

4.4 During 2016/2017, the External Auditor examined a number of areas covering financial management, financial sustainability, governance and transparency and value for money. It is pleasing to note that the auditor's overall findings and conclusions are satisfactory. In particular, the Board can take encouragement from the following:

- an unqualified audit opinion was issued covering the financial statements, management commentary, remuneration report and the annual governance statement.
- the unaudited financial statements were submitted for audit within the statutory requirements and the agreed audit timetable.
- the working papers provided in support of the annual accounts were of a good standard.
- the Joint Board operated within budget leaving the general reserve balance unchanged.
- Controls relating to financial systems and procedures are designed appropriately and operate effectively.
- the Joint Board has appropriate arrangements in place that support scrutiny of decisions
- the Joint Board is open and transparent in the way it conducts its business, with the public able to attend meetings
- the performance framework provides the joint board with information to evidence progress with performance.
- While Electoral Registration and Council Tax Valuation performance exceeded target levels, Non Domestic Rates Valuation performance exceeded all but one target, mainly due to the significant additional workload related to undertaking the general non domestic rates revaluation after seven, rather than five, years.

4.5 There are some areas where recommendations for improvement have been made. These include:-

- the format of the management commentary required to be amended and some additional required information also needed to be added, in order to ensure compliance with the requirements of the code.. The changes have been addressed within the 2016/2017 Annual Accounts.
- The Joint Board does not specifically consider medium or long term financial planning as part of the business planning or budget setting process.
- Although non-financial performance is monitored closely at a management level, it is only reported to the Joint Board annually, retrospectively.

Actions have been agreed to address the areas of concern above, which are shown in Appendix 1 of the Annual Audit Report.

5 **POLICY IMPLICATIONS**

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 identified.

6 **CONSULTATIONS**

The Assessor and Clerk to the Joint Board have been consulted on the content of this report.

7 BACKGROUND PAPERS

Audit Scotland - Annual Audit Report to the members of Tayside Valuation Joint Board and the Controller of Audit - Year ended 31 March 2017 (August 2017).

**GREGORY COLGAN
TREASURER**

22 AUGUST 2017