

**REPORT TO: TAYSIDE VALUATION JOINT BOARD – 28 AUGUST 2017**

**REPORT ON: INTERNAL AUDIT**

**REPORT BY: ASSESSOR**

**REPORT NO: TVJB 19-2017**

## **1 PURPOSE OF REPORT**

1.1 To present to the Board the Internal Audit Annual Plan for 2017/18 (No 2018/01) 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 2017/18.

## **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 2017/18 (No 2018/01) 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 2017/18. At the conclusion of each assignment a detailed report will be made to the Board. The assignments include:

- Compliance with legislation - Procurement
- Non-Domestic Rates
- Corporate Governance
- 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 2017**

**Tayside Valuation Joint Board**

**Internal Audit Annual Plan 2017/18**

**Internal Audit Report No: 2018/01**

**Draft Issued: 26 July 2017**

**Final Issued: 31 July 2017**

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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 2018. The plan is based on the proposed allocation of audit days for 2017/18 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 2017/18, 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
<b>Reputation</b>						
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.
<b>Council Tax</b>						
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
<b>Non-Domestic Rates</b>						
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.
<b>Electoral Register</b>						
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.
<b>Estates and Facilities</b>						
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.
<b>Organisational Issues</b>						
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.
<b>Other Audit Activities</b>						
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	-	-	
<b>Total</b>			<b>15</b>	<b>15</b>	<b>15</b>	

### 3. Outline Scope and Objectives

<b>Audit Assignment:</b>	Compliance with Legislation - Procurement
<b>Priority:</b>	Medium
<b>Joint Board Meeting:</b>	November 2017
<b>Days:</b>	3

#### Scope

This audit will focus on the systems of internal control in place for the ordering of goods and services and the payment of invoices.

We will also consider whether the procurement strategy followed and procedures in place support best value purchasing in relation to non-pay spend.

#### Objectives

The specific objectives of the audit will be to ensure that:

- the Board's Procurement Policy, Strategy and procurement guidance are comprehensive, kept up-to-date and in line with the Procurement Reform (Scotland) Act 2014 ('the Act') and The Procurement (Scotland) Regulations 2016 ('the Regulations');
- procurement procedures ensure that:
  - ◆ areas of high spend are monitored appropriately;
  - ◆ opportunities for pooling of expenditure are identified in order to achieve best value; and
  - ◆ collaborative procurements and frameworks available to the Board are utilised where appropriate;
- the Board's procurement guidance on quotes and tenders, together with the Act and Regulations, are being complied with; and

#### *Our audit approach will be:*

From discussions with the Administration Manager and other relevant staff, we will establish what procurement strategies, procedures and monitoring arrangements are in place. These will then be evaluated to establish if they follow recognised good practice.

Specifically, we will seek to establish whether the procurement procedures ensure that areas of high spend are monitored appropriately, identifying opportunities for pooling of expenditure in order to achieve best value, and ensuring that joint purchasing arrangements are utilised where appropriate.

A sample of items of expenditure will be selected from the financial ledger and tested to ensure compliance with the Board's Financial Regulations and Procedures.

## Tayside Valuation Joint Board Internal Audit Annual Plan 2017/18

<b>Audit Assignment:</b>	Non Domestic Rates
<b>Priority:</b>	Medium
<b>Joint Board Meeting:</b>	January 2018
<b>Days:</b>	4

### Scope

This audit will review the 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.

### Objectives

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

- there are appropriate procedures in place to ensure that: all non-domestic properties are on the Valuation Roll;
- all property valuations are carried out by suitably qualified valuers and are evidenced as checked and authorised by a Valuer or Senior Valuer;
- all valuations are input into the Valuation Roll and the weekly 'Roll of Change' is evidenced as checked by an Assistant Assessor or Principal Valuer;
- all appeal applications are logged on the appeals system as soon as they are received and are accepted and checked by a Valuer or Senior Valuer;
- the Valuation Roll is accurately and timeously amended to record the outcome of an appeal;
- 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 protocols 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 Roll in which they have an interest; and
- a Valuation Notice is produced and sent out to the responsible party in line with legal requirements and any subsequent appeals are lodged within six months of the Valuation Notice being issued.

### Our audit approach will be:

From discussion with relevant staff, and review of procedural documentation, we will confirm any system changes, identify the key internal controls in place within the non-domestic rates 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 across each area office.

**Tayside Valuation Joint Board  
Internal Audit Annual Plan 2017/18**

<b>Audit Assignment:</b>	Corporate Governance
<b>Priority:</b>	Medium
<b>Joint Board Meeting:</b>	June 2018
<b>Days:</b>	4

**Scope**

This review will cover corporate governance arrangements within the Board and compare these against best practice included in the CIPFA Delivering Good Governance in Local Government: Guidance Note for Scottish Authorities (2016). This includes reviewing such items as:

- Code of Corporate Governance;
- Committee organisation and administration;
- Standing Orders;
- Financial Regulations;
- Delegation of Powers to Officers;
- Governance self-assessments;
- Fraud and Corruption policies and procedures;
- Complaints and Whistleblowing procedures.

**Objectives**

The primary objective of the audit will be to obtain reasonable assurance that the Board's corporate governance arrangements are in accordance with best practice as set out in the CIPFA / SOLACE Delivering Good Governance in Local Government: Framework (2016) and accompanying guidance notes for Scottish Authorities, which was published in September 2016.

***Our audit approach will be:***

We will identify the corporate governance arrangements in place through interviews with staff and a sample of Joint Board members, and analysis of any corporate governance self-assessment. Relevant supporting documentation will also be reviewed to gain evidence that the arrangements in place have been adequately documented, communicated and are operating effectively.

## Tayside Valuation Joint Board Internal Audit Annual Plan 2017/18

<b>Audit Assignment:</b>	Follow-Up Reviews
<b>Priority:</b>	Various
<b>Joint Board Meeting:</b>	June 2018
<b>Days:</b>	2

### Scope

This review will cover the following reports from the 2016/17 internal audit programme and reports from earlier years where previous follow-up identified recommendations outstanding:

- Report 2017/03 – Asset Management; and
- Report 2017/06 – Follow-Up Reviews.

Internal Audit Reports 2017/01 – Audit Needs Assessment and Strategic Plan 2016-2019, 2017/02 – Annual Plan 2016/17, 2017/04 – Performance Reporting, 2017/05 – Non Domestic Rates and 2017/07 – Annual Report 2016/17 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 2016/17 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.