

REPORT TO: TAYSIDE VALUATION JOINT BOARD – 18 NOVEMBER 2019

REPORT ON: INTERNAL AUDIT

REPORT BY: ASSESSOR

REPORT NO: TVJB 21-2019

1 PURPOSE OF REPORT

- 1.1 To present to the Board the following Internal Audit Report which is attached as appendices to this report:-

Internal Audit Report 2020/03 – Performance Reporting

2 RECOMMENDATIONS

- 2.1 The Board is asked to note the contents of the Audit Report.

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 financial years 1 April 2013 to 31 March 2019 and have subsequently been re-appointed for the period from 1 April 2019 to 31 March 2022. Audit work has proceeded in accordance with the Audit Needs Assessment and Strategic Plan for the period 2019 to 2022 as approved by the Board on 26 August 2019.

- 5.2 Internal Audit Report 2019/03 – Performance Reporting is attached as Appendix 1 to this report. It has been prepared by Internal Audit following discussion with the Assessor. The overall conclusion of the report is that the level of assurance is good and that the system meets the control objectives. No significant weaknesses were identified during the review and no recommendations for action have been made.

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

November 2019

Tayside Valuation Joint Board

Performance Reporting

Internal Audit Report No: 2020/03

Draft issued: 28 October 2019

Final issued: 28 October 2019

LEVEL OF ASSURANCE

Good

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Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

Action Grades

Priority 1	Issue subjecting the organisation to material risk and which requires to be brought to the attention of the Joint Board.
Priority 2	Issue subjecting the organisation to significant risk and which should be addressed by the Assessor.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.



Management Summary

Overall Level of Assurance

Good	System meets control objectives
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Risk Assessment

This review focussed on the controls in place to mitigate the services related risks included on the Board's risk register.

Background

As part of the Internal Audit programme at Tayside Valuation Joint Board ('the Board',) for 2019/20, we carried out a review of the controls and procedures surrounding performance reporting. Our Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Joint Board and Assessor that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Management information is used to plan, direct, monitor and control the resources of an organisation's business to enable the organisation's strategic and operational goals to be achieved. The Board provides a range of financial and non-financial performance reporting information, including a Best Value Key Performance Indicators (KPIs) Report, an annual Performance Report, a customer feedback report and information in the Annual Statement of Accounts.

Performance Reporting

Scope, Objectives and Overall Findings

The audit considered the format, content and timeliness of management information, both financial and non-financial, provided to senior management and to the Joint Board in terms of the Annual Public Performance Report. We also considered 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.

The table below notes the objectives for this review and records the results:

Objective	Findings		
	1	2	3
The objectives of our audit were to obtain reasonable assurance that:			
1. The performance information needs of users have been identified and the information provided meets those needs.	Good	0	0
2. Performance information is clearly set out, easily accessible, accurate, provided on a timely basis and readily understood by users.	Good	0	0
3. Management information is available which: <ul style="list-style-type: none"> ◆ reports on appropriate key performance indicators and, where applicable, on outputs, outcomes and impacts; ◆ enables the impacts of key strategic and operational decisions to be measured; and ◆ allows income and costs and to be analysed at a more detailed level. 	Good	0	0
4. Processes in place to provide and disseminate management information are efficient.	Good	0	0
Overall Level of Assurance	Good	0	0
		System meets control objectives	

Audit Approach

The Assessor was interviewed, and the Board's performance reports, internal management information and key performance indicators, were reviewed to assess compliance with the above objectives.

Performance Reporting

Summary of Main Findings

Strengths

- Although the performance information needs of users have not been formally documented, we have concluded that the information provided is adequate to reasonably inform Board members and the public. This is based on our review of data reported to the Joint Board and published on the Board's website.
- Performance information is clearly set out, easily accessible, accurate and provided on a timely basis.
- Management information is available which: reports on appropriate key performance indicators; enables the impacts of key strategic objectives to be measured; allows income and costs to be analysed; and assists in forecasting; and
- Efficient processes are in place to produce and disseminate management information.

Weaknesses

- There were no significant weaknesses identified during our review.

Acknowledgements

We would like to take this opportunity to thank the staff at the Board who helped us during our audit visit.

Main Findings and Action Plan

Objective 1: The performance information needs of users have been identified and the information provided meets those needs.

As previously noted during our reviews of this area in 2013/14 and 2016/17, the performance information needs of the Joint Board have not been formally identified and documented. However, from our review of the various papers, which include performance information provided to the Board throughout the year, we have concluded that the current arrangements (and the information reported) remains adequate.

The primary source of financial performance information reported to the Joint Board is included in the annual budget and quarterly revenue monitoring reports. A number of key sources of non-financial performance information were also found to be in place, including:

- the Valuation Roll and Council Tax Key Performance Indicators (KPIs) as set by the Scottish Assessors Association, in conjunction with the Scottish Government;
- the Electoral Roll performance standards as set by the Electoral Commission. These are of a qualitative rather than quantitative nature and are subject to external review by the Electoral Commission; and
- performance information included within the Annual Performance Report (including staff costs, staff numbers, and various service related data such as numbers of council tax and valuation roll amendments and appeals settled / outstanding).

In order to collate feedback on service performance the Board issues an annual questionnaire to those service users who have contacted the Board during the preceding year. The results of this feedback are reported annually to the Joint Board and are published separately on the Board's website. The results of the 2018/19 survey identified very high levels of satisfaction with the service provided by the Board, with 96% of responses responding that they were either "Very Satisfied" or "Satisfied". In addition to the opportunity to comment via the customer questionnaires, customers can also make use of the Board's Complaints Procedure to express dissatisfaction with any aspects of service provision. During the period covered by the 2018/19 questionnaire there were three recorded complaints. These were all dealt with satisfactorily by senior members of staff at a local level and none required escalation and further investigation by senior management.

Performance Reporting

Objective 2: Performance information is clearly set out, easily accessible, accurate, provided on a timely basis and readily understood by users; and

Objective 3: Management information is available which:

- **reports on appropriate key performance indicators and, where applicable, on outputs, outcomes and impacts;**
- **enables the impacts of key strategic and operational decisions to be measured;**
- **allows income and costs and to be analysed at a more detailed level; and**
- **assists in forecasting.**

Our review of the Board's financial monitoring reports, which are used to manage the Board's financial performance, confirmed the information presented to be adequate; accessible to management and to the Board; presented in a format designed to be readily understood; and were issued timeously throughout the year.

The key forecasts conducted within the Board are the financial forecasts which are developed during the annual budget setting process. Key information used by the Board for monitoring financial performance is provided through the quarterly revenue monitoring reports, which include a projected outturn and variance analysis. The management team receive financial management reports quarterly for review, which provide actual and budgeted expenditure. Income and costs can be analysed in more detail if Board or management request further information. Financial performance reporting is also included within the strategic report which forms part of the Board's annual accounts.

Statutory Valuation Roll and Council Tax KPIs are generated from the Board's IT systems and are stored on the Board's network drive. From discussion with the Assessor (and review of management reports) we noted that this information is regularly reviewed by the management team to monitor performance with KPIs for each operational area via standing agenda items on management meeting agendas. Where necessary, this information is utilised to initiate discussions with valuers to determine the underlying reasons for valuations being undertaken outwith the three-month performance targets. These KPIs are compared against prior periods in order to identify trends, which are subsequently discussed at the monthly management team meetings and are presented to the Board annually as part of the Best Value Public Performance Report. Current monitoring by individual Assistant Assessors (assisted by Senior Valuers) and discussion about KPIs at management team meetings, is considered by senior management to be sufficient to determine the underlying cause for emerging trends and to decide on any operational remedial actions required.

Key strategic initiatives are linked to actions set out in the Board's Service Plan. We note that this includes a review column and we noted that performance against each of the objectives is formally reviewed by management with Service Plan objectives evidenced as a standing agenda item for the management team meetings.

From review of these KPIs we concluded that these KPIs were clearly set out, easily accessible and were provided on a timely basis. Additionally, they appear to be easy to understand.

Performance Reporting

Objective 4: Processes in place to provide and disseminate management information are efficient.

Board reports are disseminated to the Joint Board in accordance with the timetable for Board reports which is agreed annually. Reports should be sent out one week prior to meetings which is considered sufficient time for Joint Board members to read and analyse the contents prior to meetings. Our review of papers and reports presented to the Joint Board in the year did not identify any instances where the distribution of papers was not carried out in line with the agreed timetable.

The management team receive management information by directly accessing the internal IT systems or receiving papers prior to their meetings.

Based on the information reviewed during our audit we have concluded that current processes are efficient and meet the needs of management, officers and Joint Board members.

Aberdeen

45 Queen's Road
Aberdeen
AB15 4ZN

T: 01224 322100

Dundee

The Vision Building
20 Greenmarket
Dundee
DD1 4QB

T: 01382 200055

Edinburgh

Ground Floor
11-15 Thistle Street
Edinburgh
EH2 1DF

T: 0131 226 0200

Glasgow

100 West George Street
Glasgow
G2 1PP

T: 0141 471 9870

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hlca.co.uk | info@hlca.co.uk