

REPORT TO: TAYSIDE VALUATION JOINT BOARD – 16 NOVEMBER 2020

REPORT ON: INTERNAL AUDIT

REPORT BY: ASSESSOR

REPORT NO: TVJB 20-2020

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 2021/02 – Corporate Governance

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 2021/02 – Corporate Governance 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.

Tayside Valuation Joint Board

Corporate Governance

Internal Audit Report No: 2021/02

Draft report issued: 28 October 2020

Final report issued: 28 October 2020

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 management and 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 did not focus on any specific risks included on the Tayside Valuation Joint Board (the 'Board') Risk Register, but aspects of corporate governance will have an impact on several risks.

Background

As part of the Internal Audit programme approved by the Board for 2020/21 we carried out a review of the Board's corporate governance arrangements. 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 to the Assessor that the related control environment is operating effectively, thus ensuring that risk is maintained at an acceptable level.

The Board functions under the terms of the Rating, Valuation and Local Government Acts and Regulations in respect of Rating and Council Tax activities. These are generally referred to as 'The Valuation Acts' and lie within the legislative remit of the Scottish Parliament. In the field of Electoral Registration, the Board operates in terms of the Representation of the People Acts and Regulations which lie partly within the remit of the UK Parliament and partly within the remit of the Scottish Parliament.

In 2001, CIPFA in conjunction with SOLACE and with support from key organisations in local government, responded to the need to draw together the principles identified by Cadbury and Nolan into a single framework of good governance for use in local government bodies and published 'Corporate Governance in Local Government – A Keystone for Community Governance: Framework'. In spring 2016 CIPFA and SOLACE published a revised 'Guidance Note for Scottish Authorities – Delivering Good Governance in Local Government: Framework'.

Background (continued)

The Framework and Guidance are based on 7 principles:

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law.
2. Ensuring openness and comprehensive stakeholder engagement.
3. Defining outcomes in terms of sustainable economic, social, and environmental benefit.
4. Determining the interventions necessary to optimise the achievement of the intended outcomes.
5. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
6. Managing risks and performance through robust internal control and strong public financial management.
7. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

In August 2020, the Joint Board approved the updated Local Code of Corporate Governance, which was based on the seven Principles of Corporate Governance as detailed above. The Board's Annual Governance Statement also outlines the arrangements in place for assessing the extent to which the principles contained in CIPFA's Delivering Good Governance: Framework (2016) have been applied and the results are published, including an action plan for improvement.

The Annual Governance Statement for the year ended 31 March 2020 includes reference to the revised governance arrangements that have been in place since the outbreak of Covid-19 and the implementation of a national 'lock-down' on 23 March 2020.

Scope, Objectives and Overall Findings

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

- Local 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; and
- Complaints and Whistleblowing procedures.

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

Scope, Objectives and Overall Findings (continued)

Objective	Findings		
The primary objective of this audit was to obtain reasonable assurance that:	1	2	3
1. 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.	Good	0	0
Overall Level of Assurance	Good	0	0
		System meets control objectives	

Audit Approach

We identified the corporate governance arrangements in place through discussion with the Assessor, and analysis of corporate governance self-assessments. Relevant supporting documentation was also reviewed to gain evidence that the arrangements in place have been adequately documented, communicated, and are operating effectively.

Summary of Main Findings

Strengths

- The Board's corporate governance arrangements are, where applicable, in accordance with the best practice as set out in the CIPFA / SOLACE 'Delivering Good Governance in Local Government guidance' in all relevant and material respects.

Weaknesses

- No significant weaknesses were 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

Objective 1: 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.

The Board's Local Code of Corporate Governance 2019/2020 reflects the requirements of the CIPFA/SOLACE Delivering Good Governance in Local Government Framework published in 2016 and the supporting Guidance Note for Scottish Authorities. For each of the seven core principles of good governance outlined in the CIPFA/SOLACE Delivering Good Governance in Local Government Framework provides supporting principles and a range of specific requirements that should be reflected in Joint Boards' Local Codes of Corporate Governance.

The information contained in the 2019/2020 self-assessment of the Board's governance arrangements, and a review of minutes of Joint Board meetings and key supporting policies, has been used to inform our assessment of compliance with the seven core principles of good governance outlined in the CIPFA framework. Our findings are summarised at Appendix I where we have concluded that overall, the Board is compliant with all seven core principles and relevant supporting requirements. Our findings are in line with the Board's governance self-assessment checklist completed by the Assessor and reported to the Joint Board in August 2020 as part of the review of compliance with the Local Code of Corporate Governance.

The findings from the Board's self-assessment review have been incorporated into the Board's improvement plan for 2020/21, which was included in the Annual Governance Statement for 2019/20.

Appendix I – Compliance with the principles outlined in CIPFA/SOLACE’s Delivering Good Governance in Local Government (2016).

Principle	CIPFA / SOLACE	Demonstrated by the Tayside Valuation Joint Board
1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.		
1.1	Behaving with integrity	<ul style="list-style-type: none"> • All members have agreed to abide by the Board’s Local Code of Corporate Governance which refers to the Nolan Principles. • All staff are required to comply the Board’s Code of Conduct. This is integrated into the induction scheme for all new employees. • Employee review and development plans are undertaken annually. • An Anti-fraud and bribery policy are in place which has been communicated to all employees. • A register of disclosures & interests and register of gifts & hospitality is held by the Assessor. • Whistleblowing Policy is available to the public, employees, partners, and contractors through the Board’s website. • Complaints procedure in place and compliant with the Scottish Public Service Ombudsman requirements.
1.2	Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> • Code of conduct in place for Joint Board members. • Standing Orders relating to the Conduct of Meetings and Scheme of Delegation in place – both have been updated in recent years to reflect changes in composition of Joint Board following last local elections. • Code of conduct in place for all employees with compliance managed through HR policies and procedures including grievance and disciplinary procedures. Ethical behaviour is embedded in the Board’s Employee Performance & Development Framework. • Policies and procedures in place which place emphasis on ethical values which are regularly reviewed, approved by the Joint Board and subject to periodic review by Internal Audit, including Procurement Policy, Tendering Procedures and Anti-Fraud Guidelines.

Principle	CIPFA / SOLACE	Demonstrated by the Tayside Valuation Joint Board
1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law (continued).		
1.3	Respecting the rule of the law	<ul style="list-style-type: none"> • Financial Regulations and Tenders Procedures underpin the Board's ethical values the awarding of contracts to third party organisations. • Board's Scheme of Delegation sets out the authority delegated to the Officers and supports compliance with statutory and legislative obligations. • Financial Regulations are reviewed annually to ensure compliance with statutory and legislative obligations. • HR policies and procedures in place to deal with grievance and disciplinary matters relating to employees. • Whistleblowing Policy and Complaints procedure in place. • Professional advice for legal and financial matters is provided by the Treasurer and the Clerk to the Joint Board. • The Clerk to the Joint Board is the Monitoring Officer to the Joint Board with delegated authority agreed. The Clerk to the Board is the head of Democratic and Legal Services, Dundee City Council. • The Treasurer to the Joint Board is the responsible Section 95 Officer with delegated authority agreed. The Treasurer to the Board is the Executive Director of Corporate Services, Dundee City Council.

Principle	CIPFA / SOLACE	Demonstrated by the Tayside Valuation Joint Board
2. Ensuring openness and comprehensive stakeholder engagement.		
2.1	Openness	<ul style="list-style-type: none"> • Standing Orders for conducting Joint Board business promote openness and transparency with all decisions made in public (unless exemptions apply) and all agendas and papers are published on the Board's website. • Service Plan, annual report including performance report and statement of audited accounts reported to the Joint Board annually which are made available to the public on the Board's website. • Freedom of Information policy and Publication Scheme in place and regularly reviewed. • All reports presented to the Board are subject to consultation with the Clerk and the Treasurer and, where appropriate, with the recognised Trade union.
2.2	Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> • Customer Satisfaction Survey conducted annually, and results fed back to the management team to inform the design of service delivery. • The Board makes stakeholders aware of opportunities to consult on service issues which are provided by the Scottish Assessors Association (SAA), the Scottish Government or UK Government. • Service Level Agreements in place with each of the constituent local authorities. • Regular meetings held between the Board and the SAA, and the SAA and the Scottish Government.
2.3	Engaging with stakeholders effectively, including individual citizens and service users	<ul style="list-style-type: none"> • A formal public engagement strategy is prepared annually to encourage eligible electors to participate in the electoral process. • Public are offered the opportunity to complete a survey on their overall experience of the Board's services. • Consultation with rate payer groups is coordinated by the SAA and feedback used to inform national approach to service delivery. • Service delivery is largely controlled by statute. The Electoral Commission has a role in monitoring performance in respect of Electoral Registration.

Principle	CIPFA / SOLACE	Demonstrated by the Tayside Valuation Joint Board
3. Defining outcomes in terms of sustainable economic, social, and environmental benefits.		
3.1	Defining outcomes	<ul style="list-style-type: none"> • Corporate & Service Plan 2019-2022 sets out the Board's mission and vision, defines the scope of the service and identifies the key objectives and performance measures used to evaluate outcomes. • Corporate and Service Plans are regularly reviewed by the Management Team and the Joint Board. • Annual Performance Report presented to the Joint Board to monitor delivery of outcomes and priorities.
3.2	Sustainable economic, social, and environmental benefits	<ul style="list-style-type: none"> • Budget management is the responsibility of the Assessor and monitoring reports are presented to the Joint Board quarterly. • Risk Management is undertaken to ensure that the Board identifies and mitigates its key risks, to deliver its priorities and outcomes, and reported to the Joint Board regularly. Management team have undergone Risk assessment training in recent years. • All reports presented to the Board are screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

Principle	CIPFA / SOLACE	Demonstrated by the Tayside Valuation Joint Board
4. Determining the interventions necessary to optimise the achievement of the intended outcomes.		
4.1	Determining interventions	<ul style="list-style-type: none"> • Service delivery is largely controlled by statute and the resources of the Board are directed by the need to meet the statutory timetables associated with each of its functions. As outlined in the Board's Service Plan 2019-2022, the overall objectives of the Board are to meet all its statutory requirements, achieve the highest possible quality services for stakeholders and achieve such quality in the most cost-effective manner. • Information is obtained from a variety of sources, including the SAA, the constituent local authorities, the Electoral Commission, and the Scottish Government, and considered in developing the Corporate and Service Plans.
4.2	Planning interventions	<ul style="list-style-type: none"> • Internal Audit Plan agreed annually, and all audits are reported to the Joint Board. • Key Performance Indicators (KPIs) for each of the core functions are regularly reviewed by the Management Team and reported to the Joint Board, the Scottish Government, and the Electoral Commission. KPIs are also reported in the Annual Report and Audited Accounts and are published on the Assessor's website. • Service and performance improvements are identified annually and reported to the Joint Board as part of the continuous improvement agenda and review of compliance with the Local Code of Corporate Governance. Improvement actions are also reported within the Annual Governance Statement.
4.3	Optimising achievement of intended outcomes	<ul style="list-style-type: none"> • The Joint Board requisitions the required funds from each constituent Council in accordance with Statutory requirements. • Budget monitoring is reported to the Joint Board quarterly with the Annual Accounts reported to the Joint Board annually.

Principle	CIPFA / SOLACE	Demonstrated by the Tayside Valuation Joint Board
5. Developing the Board's capacity including the capability of its leadership and the individuals within it.		
5.1	Developing capacity	<ul style="list-style-type: none"> • Budget monitoring is reported to the Joint Board quarterly with the Annual Accounts reported to the Joint Board annually. • Partnership and collaboration across Assessors offices facilitated by the SAA. • The Board has developed a workforce plan to manage the strategic allocation of staff resources.
5.2	Developing the capability of the leadership and other individuals	<ul style="list-style-type: none"> • Role descriptions for the Assessor & Electoral Role Officer (ERO) approved by the Joint Board. Role descriptions for Assistant Assessors approved by the Assessor & ERO. • Scheme of Delegation in place. • Induction programme delivered for new Joint Board members and an on-going member development programme in place to support individual and collective capacity and capability. • An employee review and development process ensure that all employees have an annual review of their objectives, performance and support for their training and development needs. Succession planning reflected in the organisational structure following a recent review. • Financial Regulations and Standing Orders reviewed periodically to ensure compliance with statutory and legislative obligations. • HR policies and procedures are in place regarding grievance and disciplinary matters relating to employees.

Principle	CIPFA / SOLACE	Demonstrated by the Tayside Valuation Joint Board
6. Managing the risks and performance through robust internal control and strong public financial management.		
6.1	Managing risk	<ul style="list-style-type: none"> • Risk management is undertaken to ensure that the Joint Board identifies and mitigates its key risks, to deliver its priorities and outcomes, reported to the Joint Board regularly. The Management team have undergone risk assessment training in recent years. • The Board has a well-developed Risk Management Strategy which includes a Risk Register which is regularly reviewed by the Management Team and reported annually to the Joint Board. Given the relatively static nature of the Board's core functions and the framework in which they operate this is considered reasonable.
6.2	Managing performance	<ul style="list-style-type: none"> • Budget monitoring, and KPIs are reported to the Joint Board quarterly with the Annual Accounts reported to the Joint Board annually. • Publication of agendas and minutes of Joint Board meetings are available through the Tayside Valuation Joint Board website. • KPIs are reported to institutional stakeholders annually, including the Scottish Government and the Electoral Commission.
6.3	Robust internal controls	<ul style="list-style-type: none"> • All Internal and External Audit reports, including the Statement of Internal Control and the External Auditor's Annual Audit report are presented to the Joint Board to ensure required actions are implemented. • Annual Governance Statement published as part of Annual Accounts and reported to the Board. • The Risk Register includes clear linkages to the Board's Service Plan. • Policies and procedures are in place as part of the Board's counter fraud and anti-corruption measures, including the Anti-Fraud Guidelines which refer to the Bribery Act.
6.4	Managing data	<ul style="list-style-type: none"> • UK Government Public Services Network (PSN) Accreditation achieved which provides assurance about network and infrastructure security in relation to personal and other sensitive data the Joint Board uses the Scottish Wide Area Network (SWAN), which is a secure public-sector network, to provide its Wide Area Network. • Data Sharing Agreements in place with key partners to enable safe and secure sharing of data across other bodies. • Data Protection Policy, Records Management Policy and Freedom of Information Policy in place and kept under review. • There are detailed Data Protection & Freedom of Information procedures in place and these are made available to staff. Training is also provided to staff on the Board's procedures. The Assessor is registered with the Information Commissioner's Office as the designated Data Controller. In line with the GDPR duty for public bodies, the Board has appointed a Data Protection Officer.
6.5	Strong public financial management	<ul style="list-style-type: none"> • Budget monitoring is reported by the Treasurer to the Joint Board quarterly with the Annual Accounts reported to the Joint Board annually.

Principle	CIPFA / SOLACE	Demonstrated by the Tayside Valuation Joint Board
7. Implementing good practice in transparency, reporting and audit to deliver effective accountability.		
7.1	Implementing good practice in transparency	<ul style="list-style-type: none"> • All Agendas and accompanying reports are published on the Board's website. • Annual report including performance report and statement of audited accounts reported to the Joint Board annually and published on the Board's website.
7.2	Implementing good practice in reporting	<ul style="list-style-type: none"> • Budget monitoring is reported to the Joint Board quarterly with the Annual Accounts reported to the Joint Board annually. • Annual Governance Statement published as part of Annual Accounts and reported to the Joint Board. • Code of Corporate Governance reviewed annually and reported to the Joint Board.
7.3	Assurance and effective accountability	<ul style="list-style-type: none"> • Internal Audit Plan agreed annually, and all audits are reported to the Joint Board. Internal audit reports are prepared in line with Public Sector Internal Audit Standards. • Recommendations made by External Audit are reported directly to the Joint Board. • Continual peer review and co-ordination of best practice takes place via the Scottish Assessors' Association.

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