

REPORT TO: TAYSIDE VALUATION JOINT BOARD – 17 JUNE 2013

REPORT ON: INTERNAL AUDIT

REPORT BY: ASSESSOR

REPORT NO: TVJB 10-2013

1 PURPOSE OF REPORT

1.1 To present to the Board the following Internal Audit Reports, which are attached as appendices to this report:-

Internal Audit Report 2013/04 – Council Tax
Internal Audit Report 2013/05 – Budget Setting and Budgetary Control
Internal Audit Report 2013/06 – Electoral Register
Internal Audit Report 2013/07 – Follow Up
Internal Audit Report 2013/08 – Annual Report

2 RECOMMENDATIONS

2.1 The Board is asked to note the contents of the five Audit Reports.

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 were appointed to provide an Internal Audit Service in respect of the financial years 2010/11 to 2012/13 and have been re-appointed for the period from 1 April 2013 to 31 March 2016. Audit work has proceeded in accordance with the Audit Needs Assessment and Strategic Plan for the period 2010 to 2013 approved by the Board on 9 May 2011.

5.2 Internal Audit Report 2013/04 – Council Tax, included as Appendix 1 to this report, concludes that effective internal controls are in place in relation to the maintenance of the Council Tax Valuation List. Some minor instances of non-compliance with internal controls were noted and some areas were identified where more efficient use of systems could be made. Of the 10 recommendations made, 5 have already been actioned and consideration of the remainder is currently underway.

5.3 Internal Audit Report 2013/05 – Budget Setting and Budgetary Control, included as Appendix 2 to this report, identified no issues that required a recommendation for improvement to be made.

- 5.4 Internal Audit Report 2013/06 – Electoral Register, included as Appendix 3 to this report, concludes that appropriate procedures and checks are in place in relation to the compilation and maintenance of the Electoral Register. One recommendation was made, in relation to recording that a secondary check had been carried out when scrutinising a monthly alteration notice document. That matter has now been addressed.
- 5.5 Internal Audit Report 2013/07 – Follow Up, included as Appendix 4 to this report, provides an update on the progress made on implementing the recommendations in previous audit reports. Of the 43 recommendations contained in these reports, 36 have been fully implemented. Of the remaining 6 recommendations, 2 have been noted as ‘no project to trigger action’, as both related to project management. The remaining four, which were noted as partially implemented, have either now been fully implemented or will be implemented in early course.
- 5.6 Internal Audit Report 2013/08 is included as Appendix 5 to this report. It summarises the Internal Audit work carried out during the year and outlines the proposed audit work for 2013/14.

6 CONSULTATIONS

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

7 BACKGROUND PAPERS

- 7.1 None.

John Galbraith FRICS
Assessor

June 2013



HENDERSON LOGGIE
Chartered Accountants

Tayside Valuation Joint Board

**Council Tax
2012/13**

Internal Audit Report No: 2013/04

**Draft Issued: 20 December 2012
27 February 2013**

Final Issued: 26 April 2013



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1. Management Summary

Introduction

As part of the Internal Audit programme at Tayside Valuation Joint Board ('the Board') for 2012/13 we carried out a review of the Board's Council Tax Valuation List arrangements. The 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 the Assessor that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The Valuation List ('the List') is a register of all domestic properties which are subject to banding for Council Tax purposes. The List also includes subjects such as domestic lock-up garages and domestic stores which are regarded as exempt dwellings.

Each dwelling is placed in one of eight broad bands according to its estimated capital value as at 1 April 1991. The List contains address information together with the band ascribed to each dwelling.

As at 1 April 2012 there were 198,151 dwellings subject to Council Tax on the List for Tayside, and a further 7,500 exempt dwellings.

Scope of the Audit

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

Objectives of the Audit

The specific objectives of the review were 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 and appropriate notices are issued to taxpayers;
- 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.

1. Management Summary

Audit Approach

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

Action Plan

This report sets out detailed improvement actions, which we consider necessary to ensure efficient delivery of each objective and these are discussed within the text for clarity. An action plan for implementation of these recommendations can be found at Section 2 of this report.

To aid the use of the action plan, our recommendations have been graded to denote the level of importance that should be given to each one. These gradings are as follows:

- A Issues which require the consideration of the Joint Board.
- B Significant matters which can be resolved by the Assessor or Assistant Assessors.
- C Less significant matters, which do not require urgent attention but which should be followed up within a reasonable timescale.

Overall Conclusion

In relation to our specific objectives, assurance has been obtained that the internal controls in place are operating effectively which ensure that: the Valuation List is up to date and accurate; valuations, proposals and appeals are dealt with appropriately and timeously and appropriate notices are issued to taxpayers; and appropriate controls are in place over entries and amendments made to the Valuation List.

We did not identify any significant control weaknesses although some minor instances of non-compliance with the Board's internal controls were noted. We also identified some areas, mainly in relation to the efficient use of the Board's systems, where further improvements can be made.

Reasonable assurance was obtained that the Valuation List is an accurate, comprehensive and up-to-date record of all domestic properties in Tayside. Additions, deletions and alterations to the Valuation List are appropriately controlled and verified.

Proposals are logged on receipt and, from our sample testing, most were dealt with timeously with some minor delays in acknowledgements and notifications issued to proposers.

Generally there is an adequate level of segregation of duties between identification of changes in bandings and the input of amendments on the Valuation List.

The Valuation List is updated weekly with all changes to the Valuation List reported timeously to the Local Authorities thus ensuring that controls are in place to ensure that late amendments to the current List are picked up and reflected in the new List.

Adequate username and password controls are in place to ensure that only authorised staff can input amendments to the Board's systems and all new entries are checked independently and evidenced. Access controls are deemed sufficient to ensure that authorised staff change their passwords in line with pre-determined password policies and where staff leave their access is suspended.

1. Management Summary

Summary of Main Findings and Recommendations

It is the responsibility of the Board to put in place systems to ensure that the Valuation List is accurate and complete. Confirmation of the details to be input into the Board's computer systems should be provided on a 'CT1' card. Cards can be completed, signed and dated by professional or technical staff but must be authorised by the area valuer. Our sample of CT1 cards tested identified one instance where the CT1 card had not been fully completed with no details being recorded showing when and by whom the Valuation List had been altered and the banding notice had been checked for accuracy.

Of the 20 CT1 cards tested at the Forfar office, 12 were found to be incomplete with a number of fields noted as not having been completed in accordance with the Board's procedures, including; CT1 card not dated by the senior valuer (2); no record of the Valuation List or Banding Notice having been altered (1); 'Inspected' or 'Tech Data Input' fields not completed (4); no details to show when information was input into council tax system (1); no indicative value shown on the CT1 card (3); and rebanding reason and final band entered in the wrong boxes. Staff should be reminded of the importance of ensuring that CT1 cards are completed in accordance with the Board's procedures, including recording that the Valuation List has been altered and that the banding notice has been checked.

Of a sample of 60 cases tested we identified one domestic property which had previously been classified as a holiday let where no supporting documents were held in the electronic library system to support the banding or valuation. Staff should be reminded of the importance of ensuring that sufficient supporting file evidence is available to support decisions made regarding Council Tax valuations and bandings.

Our review included reviewing a sample of 60 Council Tax Interface Reports across the three offices to ensure that; the interface report and the banding history report had been checked to CT1 cards; the banding notices had been checked and approved; and that both the interface report and the banding report had been approved by the Assistant Assessor. We identified one instance where the interface report had not been signed by the Assistant Assessor and a further instance where the Banding History Report had not been signed and dated by a member of the clerical staff to show that the banding notices had been checked. Staff should be reminded of the importance of ensuring that Council Tax Interface and Banding History reports are signed and dated to confirm that checks have been completed in accordance with the Board's procedures.

We selected a random sample of 14 proposals from across all three offices and ensured that: the Board had issued an acknowledgment letter to the appellant within the statutory timeframe; a proposals header sheet had been produced; sufficient documents were available to support the proposal and any resulting amended valuation / banding; and that the final header sheet agreed with the final valuation / banding.

Our testing identified one instance where acknowledgement of a proposal was issued outside the required 14 day timeframe, having been issued 61 days after being received. Staff should be reminded of the importance of adhering to the required timescales in relation to proposals set out within the Council Tax (Alteration of Lists and Appeals) (Scotland) Regulations 1993 and the Board's internal procedures.



1. Management Summary

Summary of Main Findings and Recommendations (continued)

There does not appear to be a standard layout for valuation reports. In Perth valuers produce a summary report for every property for inclusion in the electronic library which provides a brief background to the case and explanations and justifications as to how the valuation / banding was arrived at. Similar reports were not noted as being produced in Dundee or Forfar. However, we also noted that the format of the summary reports is not standardised appearing to vary in style and layout. Consideration should be given to developing the summary reports as produced in the Perth office to ensure that these are standardised and then implemented across all offices.

Acknowledgements

We would like to thank Board staff for the co-operation and assistance we received during the course of our review.



2. Action Plan

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
1.2	Warrants System R1 In conjunction with the IT team investigate ways of developing the warrants system to produce exception reports which list properties where no action has been taken or notes updated within a reasonable timescale as prescribed by management. Such reports should be reviewed periodically by senior managers to allow cases to be investigated or followed up where necessary.	C	While reports may already be obtained from the database as required, the production of regular reports will reinforce management's checking procedures.	Y	Assistant Assessor, Angus	September 2013
2.2	Valuation List R2 Staff should be reminded of the importance of ensuring that CT1 cards are completed in accordance with the Board's procedures, including recording that the Valuation List has been altered and that the banding notice has been checked.	B	Review of procedures, including revision of the CT1 document, is required to accord with current working practices.	Y	Assistant Assessor, Angus	June 2013
2.2	R3 Staff should be reminded of the importance of ensuring that sufficient supporting file evidence is available to support decisions made regarding Council Tax valuations and bandings.	B		Y	Assistant Assessor, Angus	March 2013



2. Action Plan

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
3.3	Council Tax Interface Report R4 Staff should be reminded of the importance of ensuring that Council Tax Interface and Banding History reports are signed and dated to confirm that checks have been completed in accordance with the Board's procedures.	C		Y	Assistant Assessor, Angus	March 2013
4.2	Proposals R5 Staff should be reminded of the importance of adhering to the required timescales in relation to proposals set out within the Council Tax (Alteration of Lists and Appeals) (Scotland) Regulations 1993 and the Board's internal procedures.	B		Y	Assistant Assessor, Angus	March 2013
5.1	Amendments / Deletions R6 Similar to our earlier recommendation R3 at 2.3, and to ensure that more efficient use is made of the Board's electronic library system, we recommend that evidence relating to deletions in particular is stored in the library so that information is held centrally and can be accessed by all authorised staff	C		Y	Assistant Assessor, Angus	June 2013



2. Action Plan

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
5.2	R7 In conjunction with the IT team consideration should be given to establishing an annual procedure whereby the Council Tax system generates a report which cross checks staff addresses to properties that have been amended in the year so as to highlight any staff whose addresses may have been amended. Where any instances are highlighted these should then be investigated to ensure that alterations are valid and that normal Board procedures have been followed including ensuring that the amendment to the property was authorised by a member of the management team who does not have an interest in the property and is not connected to the persons involved.	B		Y	Depute Assessor	April 2013
6.1	Electronic Library System R8 Consideration should be given to ensuring that summary reports, detailing sales evidence used, are produced for all properties for inclusion in the electronic library system which supports the final banding arrived at.	B	Most decisions on bands of new dwellings are routinely made by comparison with similar dwellings in the same locality. Valuers will tend to prepare more detailed reports for exceptional properties where the band is not so readily determined and retain these in the library. Consideration will be given to the practicalities of the recommendation.	Y	Assistant Assessors	June 2013



2. Action Plan

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
6.1	R9 Consideration should be given to developing the summary reports similar to those produced in the Perth office to ensure that these are standardised and then implemented across all offices. Consultation with IT staff may readily enable relevant information relative to all domestic properties to be populated and included in the electronic library.	B		Y	Assistant Assessors	June 2013
7.1	Monitoring Reports R10 Where manual adjustments are made in respect of property sales, properties should not be deleted from the "Complete and Outstanding" reports, and instead remain until the final sale information has been received by the Board, thereby allowing the Assistant Assessor to obtain a clearer understanding of action taken.	B		Y	Assistant Assessor, Angus	March 2013

3. Main Report

1. Warrants System

1.1 The primary source of information relating to new, altered and demolished properties is obtained from planning permission, warrant registers and completion certificates as provided by each of the regions constituent local authorities. Information obtained is then recorded in the Board's warrants system and scrutinised by senior valuers in order to identify properties which may require a valuation or banding assessment to be carried out.

1.2 *Observation*

As detailed in the Board's Council Tax Valuation List *General Outline of Procedures* senior managers are responsible for scrutinising the warrants database at least four times a year to ensure that staff are updating the system to allow performance targets to be met. Through discussions with staff we confirmed that this check is being conducted however this is done on screen through interrogation of the warrants system on an ad hoc basis.

Risk

No evidence is retained that checks of the warrants system have been conducted, as required by the Board's internal procedures.

Recommendation

R1 In conjunction with the IT team investigate ways of developing the warrants system to produce exception reports which list properties where no action has been taken or notes updated within a reasonable timescale as prescribed by management. Such reports should be reviewed periodically by senior managers to allow cases to be investigated or followed up where necessary.

Benefit

Records are produced of checks carried out on the warrants system.

2. Valuation List

2.1 Although the local authority is responsible for allocating addresses to properties it is the responsibility of the Board to put in place systems to ensure that details of all properties in the region are captured and recorded in the Board's own systems to ensure that the Valuation List is accurate and complete. Full technical details of the property should be recorded in the Board's electronic library facility with details of the required evidence contained in the Board's internal procedures.

2.2 *Observations*

Confirmation of the details to be input into the Board's computer systems should be provided on a 'CT1' card. Cards can be completed, signed and dated by professional or technical staff but must be authorised by the area valuer. Our testing included selecting a random sample of 60 CT1 cards across each of the three offices, ensuring that sufficient documentation existed on the subject files to support the valuations and bandings arrived at.

Our sample of 20 CT1 cards tested in the Dundee office identified one instance where the CT1 card had not been fully completed with no details being recorded showing when and by whom the Valuation List had been altered and the banding notice had been checked for accuracy. Further testing confirmed that the amendments noted on the CT1 card had been included on the Council Tax Interface Report to show that the Valuation List had been correctly updated.

3. Main Report

2. Valuation List (continued)

2.2 (continued)

Of the 20 CT1 cards tested at the Forfar office, 12 were found to be incomplete with a number of fields noted as not having been completed in accordance with the Board's procedures, including; CT1 card not dated by the senior valuer (2); no record of the Valuation List or Banding Notice having been altered (1); 'Inspected' or 'Tech Data Input' fields not completed (4); no details to show when information was input into council tax system (1); no indicative value shown on the CT1 card (3); and rebanding reason and final band entered in the wrong boxes.

In all but one of the 60 cases tested we were able to confirm that appropriate file evidence existed. Testing in Perth identified one domestic property which had previously been classified as a holiday let where no supporting documents were held in the electronic library system to support the banding or valuation.

Risks

CT1 cards are not being completed in line with the Board's procedures.

Supporting documents do not exist to support the valuation and banding assessment applied to a property.

Recommendations

R2 Staff should be reminded of the importance of ensuring that CT1 cards are completed in accordance with the Board's procedures, including recording that the Valuation List has been altered and that the banding notice has been checked.

R3 Staff should be reminded of the importance of ensuring that sufficient supporting file evidence is available to support decisions made regarding Council Tax valuations and bandings.

Benefits

CT1 cards are completed in line with the Board's procedures.

Evidence is available which supports decisions made regarding Council Tax valuations and bandings.

3. Council Tax Interface Report

3.1 A report detailing all new entries and changes made to council tax records in the preceding week is produced on a weekly basis. The Board's internal procedures outline the controls in place to ensure the accuracy of the updates to the Valuation List which includes; checking the items listed to the source documents used for implementing the changes such as CT1 cards and checking items listed against a 'Banding History Report' which is also produced weekly showing the changes to bands processed in the previous week. Once checked and authorised, the interface report is passed to the finance department of the local authority.

3. Main Report

3. Council Tax Interface Report (continued)

3.2 Our review of Non-Domestic Rates in 2011/12 highlighted that in Perth, one Senior Valuer is assigned each week along with a member of clerical staff to check all properties on the Roll of Change (RoC) thereby reducing the risk of self-review which occurs in the Dundee and Forfar offices. A recommendation was then raised that in order to reduce the risk of self-review of changes being applied to the RoC and to strengthen controls already in place, consideration should be given to implementing the system of checking of the RoC which is in place at the Perth office across all offices. This recommendation was agreed by management. Testing during this review noted that this control has also been implemented in the Perth and Dundee offices as part of the controls put in place to verify the accuracy of the Valuation List.

3.3 Observations

Our review included reviewing a sample of 60 Council Tax Interface Reports across the three offices to ensure that; the interface report and the banding history report had been checked to CT1 cards; the banding notices had been checked and approved; and that both the interface report and the banding report had been approved by the Assistant Assessor.

Testing at all three offices confirmed that changes on the interface and banding reports had been agreed to CT1 cards and supporting documents. In the Dundee office we identified one instance where the interface report had not been signed by the Assistant Assessor. In the Perth office we identified one instance where the Banding History Report had not been signed and dated by a member of the clerical staff to show that the banding notices had been checked.

Risk

Without adequate independent checking of entries on the weekly Council Tax Interface and Banding History reports errors may arise and go undetected.

Recommendation

R4 Staff should be reminded of the importance of ensuring that Council Tax Interface and Banding History reports are signed and dated to confirm that checks have been completed in accordance with the Board's procedures.

Benefit

Evidence is obtained that checks on Council Tax Interface and Banding History reports are completed in line with the Board's procedures.

3.4 Of the 60 Council Tax Interface Reports tested we confirmed that in all cases changes to the Valuation List were reported timeously to the Local Authorities and appropriate notices were issued to taxpayers.

4. Proposals

4.1 The Board's procedures state that Council Tax proposals received are to be acknowledged within 14 days in accordance with regulation 7 of *The Council Tax (Alteration of Lists and Appeals) (Scotland) Regulations 1993*. Where the proposal is considered invalid, the proposer should be notified within six weeks of receipt of the proposal with the Board notifying the proposer of the reasons for the proposal being considered invalid.

3. Main Report

4. *Proposals (continued)*

4.2 Observations

We selected a random sample of 14 proposals from across all three offices and ensured that: the Board had issued an acknowledgment letter to the appellant within the statutory timeframe; a proposals header sheet had been produced; sufficient documents were available to support the proposal and any resulting amended valuation / banding; and that the final header sheet agreed with the final valuation / banding.

Testing performed at the Forfar office identified one case where acknowledgement of a proposal was outside the required 14 day timeframe, having been issued 61 days after being received.

Risk

Failure to adhere to timescales may result in the Board failing to meet the requirements of the Council Tax (Alteration of Lists and Appeals) (Scotland) Regulations 1993.

Recommendation

R5 Staff should be reminded of the importance of adhering to the required timescales in relation to proposals set out within the Council Tax (Alteration of Lists and Appeals) (Scotland) Regulations 1993 and the Board's internal procedures.

Benefit

The Board will comply with the Council Tax (Alteration of Lists and Appeals) (Scotland) Regulations 1993 whilst at the same time maintaining a good standard of service to tax payers.

- 4.3 Our testing also included selecting a random sample of two appeals to ensure that: the appeal was lodged and recorded within the four week statutory timeframe; the Board had issued an acknowledgment letter to the appellant; an appeals header sheet had been produced; sufficient documents were available to support the appeal and any resulting amended valuation / banding; and that the final header sheet agreed with the final valuation / banding. No exceptions were noted.

5. *Amendments / Deletions*

5.1 *Observation*

Our sample testing included ensuring any changes; new entries and amendments to properties on the Valuation List were properly authorised and approved by suitably qualified professional and technical staff. In all cases tested we found that they were. We also ensured that any amendments or deletions of properties on the Valuation List contained sufficient and appropriate supporting documents. Our testing in Forfar included several deletions where the supporting documents were not available.

Risk

Audit trail may be incomplete if evidence to support deletion of properties is not available in the electronic library system which may make it difficult for a reviewer to verify the accuracy of property status.

3. Main Report

5. Amendments / Deletions (continued)

5.1 (continued)

Recommendation

R6 Similar to our earlier recommendation **R3** at 2.3, and to ensure that more efficient use is made of the Board's electronic library system, we recommend that evidence relating to deletions in particular is stored in the library so that information is held centrally and can be accessed by all authorised staff.

Benefit

Improved audit trail with good practice and a consistent approach adopted across all offices.

5.2 *Observation*

Discussions with staff and review of documentation noted that there is no formal requirement for staff to complete a return listing any properties in which members of staff may have a personal interest. However, as detailed in the *General Outline of Procedures*, employees have been advised by management not to make alterations to any domestic properties in which they have a personal interest. The risk of this occurring is reduced slightly through the checking of the changes in the Council Tax Interface Report which details alterations which have been made to the Valuation List.

Recommendations in this area have been raised in previous internal audit reviews but to date have not been implemented. We recognise the difficulties that exist in establishing a complete database of properties that members of staff, or their families, have an interest in, however management may again wish to consider the recommendation below.

Risk

Properties in which members of staff have a personal interest may be inappropriately valued or re-banded.

Recommendation

R7 In conjunction with the IT team consideration should be given to establishing an annual procedure whereby the Council Tax system generates a report which cross checks staff addresses to properties that have been amended in the year so as to highlight any staff whose addresses may have been amended. Where any instances are highlighted these should then be investigated to ensure that alterations are valid and that normal Board procedures have been followed including ensuring that the amendment to the property was authorised by a member of the management team who does not have an interest in the property and is not connected to the persons involved.

Benefit

Further assurance will be obtained that property valuations / bandings are appropriate for properties in which members of staff have a personal interest.

3. Main Report

6. *Electronic Library System*

6.1 *Observation*

During our review of documents held on the Board's electronic library system we noted that across the three offices there does not appear to be a standard layout for valuation reports completed by the valuers. In Perth valuers produce a summary report for every property for inclusion in the electronic library which provides a brief background to the case and explanations and justifications as to how the valuation / banding was arrived at. These summary reports also include screen shots from the technical system which shows how the valuation was calculated. Similar reports were not noted as being produced in Dundee or Forfar. However, testing in Perth also noted that the format of the summary reports is not standardised appearing to vary in style and layout depending on which valuer completed the report.

Risk

Audit trail is incomplete as no formal conclusion reached by the valuer stating the final valuation / banding, which correlates to evidence in other parts of the subject file.

Recommendation

R8 Consideration should be given to ensuring that summary reports, detailing sales evidence used, are produced for all properties for inclusion in the electronic library system which supports the final banding arrived at.

R9 Consideration should be given to developing the summary reports similar to those produced in the Perth office to ensure that these are standardised and then implemented across all offices. Consultation with IT staff may readily enable relevant information relative to all domestic properties to be populated and included in the electronic library.

Benefit

Good practice and a consistent approach will be adopted across all offices.

7. *Monitoring Reports*

7.1 On a sale of a property being complete, any previous warrants against the property are automatically recognised and a "Complete and Outstanding" report is produced which alerts the valuer to the possibility of a banding change. A valuer is then required to assess the warrants over the period and conclude whether or not these have any effect on the property valuation or banding. When this has been actioned, the outcome is uploaded on to the Management report for the Assistant Assessor to review and sign off.

Observation

We tested 15 'Complete and Outstanding' reports and subsequent Management reports to ensure that these were being completed on a weekly basis, reviewed and any necessary action being taken in relation to the information being produced. For one report reviewed in the Forfar office we identified a property which was included on a "Complete and Outstanding" list that did not show up on the Management Report. When we investigated we found that the entry had been manually input and subsequently deleted, in order that the property could be added to the Valuation List. Explanations provided to us determined delays in the property sales process may hold up the collection of back payment of council tax monies. In order to expedite the collection of council tax, valuers manually add and remove items from the "Complete and Outstanding" report thus enabling the Valuation List to be amended. When the property sale has been finalised it once again appears on the "Complete and Outstanding" list, where the action will then be completed by the valuer and reviewed by the Assistant Assessor.



3. Main Report

7. *Monitoring Reports*

7.1 (continued)

Risk

Manual adjustments to the “Complete and Outstanding” reports prevent properties being included on Management reports and unauthorised amendments to the Valuation List may occur.

Recommendation

R10 Where manual adjustments are made in respect of property sales, properties should not be deleted from the “Complete and Outstanding” reports, and instead remain until the final sale information has been received by the Board, thereby allowing the Assistant Assessor to obtain a clearer understanding of action taken.

Benefit

Management reports are complete, thereby allowing the Assistant Assessor to obtain a clearer understanding of action taken.



HENDERSON LOGGIE
Chartered Accountants

Tayside Valuation Joint Board

**Budget Setting and Budgetary Control
2012/13**

Internal Audit Report No: 2013/05

Draft Issued: 30 April 2013

Final Issued: 9 May 2013



Section 1 Management Summary

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1. Management Summary

Introduction

As part of the Internal Audit programme at Tayside Valuation Joint Board ('the Board',) for 2012/13, we carried out a review of the budget setting and budgetary control processes in place. Our Audit Needs Assessment identified these as areas 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.

The Board's budgeted revenue income for 2012/13 totals £3,271,994; £2,848,991 valuation requisition apportionment; £391,403 registration recharge; £27,000 additional electoral registration duties recharge; £2,000 sale of electoral registration officer; £2,000 interest on revenue balances; £300 telephone calls; £200 sale of valuation roll / council tax list; and £100 survey fees. Budgeted expenditure for 2012/13 amounts to £3,271,994; £2,523,994 staff costs; £343,900 property costs; £309,600 supplies and services costs; £64,500 transport costs; and £30,000 valuation appeal committee costs. The revenue monitoring report issued to the Joint Board at its meeting on the 28th January 2013 projects a budget underspend of £56,000 which, if incurred, will be returned to the constituent Councils.

In addition to approving the provisional revenue budget 2012/13 at its meeting on 30 January 2012 the Joint Board also approved the updated capital expenditure programme for the period 2012/13 to 2014/15. The programme highlighted an expenditure level of £27,000 per annum, to be funded by the constituent Councils. The updated capital expenditure programme issued to the Joint Board at its meeting on the 28th January 2013 projected that the planned expenditure for 2012/13 would be incurred; whilst expenditure for 2013/13 to 2015/16 would decrease to £23,000 per annum.

The Board has a service level agreement with Dundee City Council (DCC) for a number of financial services, including budgetary control. The agreed service includes assistance with the preparation of annual revenue / capital budgets; the regular monitoring of revenue expenditure and preparation of budgetary control statements; and the monthly monitoring of capital expenditure and preparation of capital monitoring statements.

Scope of the Audit

This review covered the processes and controls in place for budget setting and budgetary control within the Board.

Objectives of the Audit

The objectives of the audit were to ensure that:

- budgets are set and approved in accordance with the Financial Regulations;
- budgets are controlled and monitored in accordance with the Financial Regulations;
- budget information is available to management which is up-to-date and in a format that can be easily understood;
- budget holders have the necessary skills for managing budgets;
- budget variations are reported and acted upon; and
- Senior Management and the Joint Board regularly review the overall financial position.

1. Management Summary

Audit Approach

We assessed whether the above objectives are being met by documenting the systems and controls through discussions with the Administration Manager, Assessor, Depute Assessor and Assistant Assessor at the Dundee office and by review of the Financial Regulations. We reviewed the information provided to the Administration Manager, Senior Management and the Joint Board. We also established whether the expected key controls are in place by reference to standard control risk assessment templates and completion of a budgetary control assessment 'pro-forma'.

Finally, we performed compliance testing where necessary to determine whether these controls are working effectively.

Action Plan

No issues have been identified from our review that required a recommendation for improvement to be made.

Overall Conclusion

On the basis of the work done, we obtained reasonable assurance that:

- budgets are set and approved in accordance with the Financial Regulations;
- budgets are controlled and monitored in accordance with the Financial Regulations;
- budget information is available to management in a format that can be easily understood;
- budget holders have the necessary skills for managing budgets;
- budget variations are reported and acted upon; and
- Senior Management and the Joint Board regularly review the overall financial position.

Summary of Main Findings and Recommendations

Our Budgetary Control Internal Audit Report 2006/02, issued in June 2006, highlighted that two recommendations, relating to budgetary control, which were raised within our Purchasing / Procurement Internal Audit Report 2005/2, issued in April 2005, remained outstanding. The first recommendation was that staff within the Administration Section should receive training on the reporting facilities available within the finance system (Powersolve). This recommendation was raised as staff within the Administration Section, who had not received Powersolve training, were found to be maintaining computer spreadsheets for each ledger code / budget head which recorded the invoices processed for payment; however as this information was available within Powersolve it was considered unnecessary to record such information within spreadsheets. The IT Section was also found to be maintaining a database of IT expenditure, when a breakdown of this expenditure was available within Powersolve. Our current review found that training on the reporting facilities available within the new finance system (CIVICA Financials) had been given; however the above spreadsheets and IT database are still in place at the Board. The Administration Manager advised that the finance system automatically logs users out after a certain period of time and that it is a timely process having to log in to the system each time information on invoiced spend is required; as a result it is deemed practical to continue to maintain the computer spreadsheets. This has been accepted and no further recommendation has been raised within this report.

The second recommendation was that the computer spreadsheets noted above should only record the purchase orders (POs) raised against each budget head to supplement the information available within Powersolve. Our review confirmed that POs were now recorded within these spreadsheets, allowing committed spend to be identified.

1. Management Summary

Summary of Main Findings and Recommendations (Continued)

Monthly management (130) reports include budget figures for the full year; however no monthly profiling has been performed in order to establish the projected spend / income over the year for incorporation into the management (130) reports. Our Budgetary Control Internal Audit Report 2006/02 recommended that consideration be given to providing a monthly profile of projected spend / income for incorporation into the monthly management reports; however this recommendation was not accepted on the basis that income is minimal outwith Headquarters and that authorisation levels for spend are low, with all spend being authorised by either the Assessor or Administration Manager. On this basis, no further recommendation has been raised within our report. Our review did however confirm that invoices are now authorised for payment by the Administration Manager or one of the Administrative Assistants.

Although the Assessor, Administration Manager, Depute Assessor and Assistant Assessors have not received formal budget training whilst at the Board; discussions with the Depute Assessor and Assistant Assessor at the Dundee office highlighted that staff were confident that the Administration Manager could answer any budget queries they may have. The Assessor and Administration Manager also highlighted during our review that budgetary support was available from the accountant at DCC and the Treasurer, if required.

Acknowledgements

We would like to take this opportunity to thank all staff at the Board for the co-operation and assistance we received during the course of our review.

2. Main Report

1. *Financial Regulations*

1.1 **Revenue Budget**

- 1.1.1 In accordance with section 2.2 of the Financial Regulations *'The Assessor shall prepare estimates of income and expenditure on revenue accounts covering the specified period and shall provide the Treasurer with all necessary information regarding requirements on a timeous basis'*. Section 2.4 states: *'The Treasurer shall review the Revenue Budget and submit a report to the General Purposes Sub-Committee which shall consider and remit it to the Board for detailed consideration'*.

1.2 **Capital Expenditure**

- 1.2.1 In line with section 3.1 of the Financial Regulations *'The Treasurer shall submit a report to the Board which will detail the Board's proposed capital programme and how it is to be financed'*.

1.3 **Expenditure Monitoring**

- 1.3.1 Section 4 of the Financial Regulations sets out the delegated responsibilities for budget monitoring. *'The primary responsibility for detailed monitoring and control of the Board's revenue and capital expenditure lies with the Assessor'*. *'The Treasurer shall report periodically within an agreed timetable, to the Board on its actual and projected expenditure for each financial year'*.

1.3 **Procedures in Place**

- 1.3.1 The Administration Manager, in consultation with Senior Management, drafts the proposed revenue budget for the forthcoming financial year in November. During this time the Administration Manager, in consultation with the Assessor and IT Manager, also drafts the capital expenditure programme for the following three financial years. The revenue budget and capital expenditure programme are discussed and agreed with the Board's accountant at DCC and the Treasurer, in December each year, prior to being submitted to the Joint Board in January for formal approval.
- 1.3.2 The Administration Manager and Senior Management receive monthly management (130) reports, which highlight the actual revenue and capital expenditure incurred to date. In addition, the Joint Board receive regular revenue monitoring reports throughout the year. Refer to section 2 below for further details.

2. *Information Available to Budget Holders*

2.1 **Good Practice Prompts**

- 2.1.1 *'Each budget holder should receive regular monitoring reports (probably using a monthly or 4-weekly reporting period) showing:*
- *Committed expenditure and, where relevant, income to date;*
 - *Variance against projected spend / income to date using, where appropriate, budget profiling; and*
 - *Projected outturn (expected and, where relevant, income).'*

2. Main Report

2. Information Available to Budget Holders (Continued)

2.1 Good Practice Prompts

2.1.2 *Budget monitoring reports should be available:*

- *In a form that is 'user friendly' and*
- *Within a time period that allows effective corrective action to be taken where necessary (e.g. within 3 weeks of the end of the month).'*

2.1.3 *'Reports should automatically highlight major variances (both under and over spends) to direct budget holder's attention to where action may be required.'*

2.2 Procedures in Place

2.2.1 The Assessor is the budget holder for the entire Board. Both the Assessor and Administration Manager receive monthly management (130) reports, from DCC, which highlight for each budget head the monthly and cumulative actual spend; full year budget; balance available; and percentage spent. These reports contain columns for recording month and cumulative committed spend; however such columns are not utilised as the Board does not process purchase orders (POs) through the finance system. Our Budgetary Control Internal Audit Report 2006/02, issued in June 2006, stated that the use of the PO processing facility within the finance system had been considered but not thought necessary for the Board's circumstances.

2.2.2 Our Budgetary Control Internal Audit Report 2006/02 also highlighted that two recommendations, relating to budgetary control, which were raised within our Purchasing / Procurement Internal Audit Report 2005/02, issued in April 2006, remained outstanding. The first recommendation was that staff within the Administration Section should receive training on the reporting facilities available within the finance system (Powersolve). The recommendation was raised as staff within the Administration Section, who had not received Powersolve training, were found to be maintaining computer spreadsheets for each ledger code which recorded the invoices processed for payment; however this information was available within Powersolve and therefore it was considered unnecessary to record this information within spreadsheets. The IT Section were also found to be maintaining a database of IT expenditure, when a breakdown of this expenditure was available within Powersolve. The second recommendation was that the computer spreadsheets maintained by the Administration Section should only record the POs raised against each budget head to supplement the information available within Powersolve.

2.2.3 During our review we followed-up the outstanding recommendations referred to above. We found that Powersolve had been replaced by a new finance system (CIVICA Financials) and training on the reporting facilities within this system had been provided. Although information on invoiced spend is available within the system our review highlighted that the Administration Manager continues to maintain computer spreadsheets for budget heads / ledger codes, which record the invoices processed for payment. Furthermore, the IT Section continues to maintain a database of IT expenditure. The Administration Manager advised that the finance system automatically logs users out after a certain period of time and that it is a timely process having to log in to the system each time information on invoiced spend is required; as a result it is deemed practical to continue to maintain the computer spreadsheets. Our review confirmed that the spreadsheets maintained by the Administration Manager now records all POs raised, allowing committed spend to be identified.

2. Main Report

2. *Information Available to Budget Holders (Continued)*

2.2 Procedures in Place

- 2.2.4 Whilst the monthly management (130) reports include budget figures for the year, they do not include projected spend / income to date. Our Budgetary Control Internal Audit Report 2006/02, recommended that consideration was given to providing a monthly profile of projected spend / income over the year for incorporation into the monthly management reports; however this recommendation was not accepted on the basis that income is minimal outwith Headquarters and that authorisation levels for spend are low, with all spend being authorised by either the Assessor or Administration Manager. On this basis, no further recommendation has been raised within this report. Our review did however confirm that invoices are now authorised for payment by the Administration Manager or one of the Administrative Assistants.
- 2.2.5 Projected outturn figures are not calculated for inclusion within the monthly management (130) reports; however they are included within the revenue monitoring reports issued to the Joint Board, which is considered adequate for the Board's circumstances.
- 2.2.6 Monthly management (130) reports are distributed, by the Administration Manager, to the Depute Assessor and Assistant Assessors to inform them of the Board's performance. Discussions with the Assessor, Administration Manager, Depute Assessor and Assistant Assessor at the Dundee office confirmed that the reports received were considered to be user-friendly. Although management (120) reports are available from DCC, which show the information contained within the management (130) reports broken down by division, such detailed reports were not considered necessary by the staff interviewed. Our review found that the monthly management (130) reports were received from DCC within two weeks of the month end and distributed promptly to Senior Management.
- 2.2.7 Revenue monitoring reports are issued to the August, November and January Joint Board meetings. These reports highlight the final revenue budget; actual and committed spend; projected outturn; and projected variances and the reasons for these. Discussion with the Board's accountant at DCC confirmed that although the monitoring reports contain a column headed 'actual & committed' spend it is in fact only actual spend, which is normally recorded. However prior to issuing the revenue monitoring reports to the Joint Board the accountant e-mails the Administration Manager to discuss the projected outturn position. Any significant commitments, likely to give rise to an overspend, would be discussed at this point and included within the monitoring reports. A revenue monitoring report is not issued to the June Board meeting; however a report is submitted from the Treasurer, accompanying the unaudited statement of accounts, which comments upon the main budget variances. Budget variances are also highlighted, in detail, within the unaudited statement of accounts.
- 2.2.8 Capital monitoring reports are not issued to the Joint Board throughout the year; however a capital expenditure programme which highlights the projected spend for the current and forthcoming three financial years is submitted to each January Board meeting.

3. *Budget Holder Skills and Support*

3.1 Good Practice Prompt

- 3.1.1 *'Budget holders have the necessary skills for managing budgets. Support should be given by way of training and manuals for budget holders with a non-financial background.'*

2. Main Report

3. *Budget Holder Skills and Support (Continued)*

3.2 Procedures in Place

- 3.2.1 Our review found that the Assessor, Administration Manager, Depute Assessor and Assistant Assessors have not received formal budget training whilst at the Board; however these staff members appear to have the necessary skills to review the management (130) reports. During our review the Depute Assessor and Assistant Assessor at the Dundee office highlighted that any queries which they may have in relation to the management (130) reports could be answered by the Administration Manager, who is in regular contact with the Board's accountant at DCC. Feedback on the budgetary support provided by the Treasurer and accountant at DCC to the Assessor and Administration Manager was very positive.

4. *Budget Variations are Reported and Acted Upon*

4.1 Good Practice Prompt

- 4.1.1 *'Each budget holder is clear about what action should be taken in the event of over / under spends.'*
- 4.1.2 *'Where appropriate action is not taken on major variances, the matter is automatically brought to the attention of the budget holder's line manager.'*
- 4.1.3 *'At functional level, the relevant Senior Management team reviews the financial position at least each reporting period.'*

4.2 Procedures in Place

- 4.2.1 Sections 4.2 and 4.3 of the Financial Regulations state that *'Revenue and Capital expenditure shall be restricted to that included in the appropriate Budget, unless proposals for additional expenditure have been approved by the Board'. 'The Assessor is authorised, in emergency situations, subject to advising the Convenor, consulting with the Treasurer and reporting to the Board as soon as possible thereafter, to take such measures as may be required on any item for which Board approval would normally be required. The projected financial impact of any such decision shall be reported to the Board, along with any possible compensatory budgetary savings'*. Staff interviewed during our review were fully aware that budget underspends were to be returned to the constituent Councils.
- 4.2.2 As noted at paragraph 2.2.7 above, regular revenue monitoring reports are issued to the Joint Board which highlight projected under / over spends and the reasons for these.
- 4.2.3 Monthly management (130) reports are issued to the Assessor, Depute Assessor and Assistant Assessors. The Assessor also receives copies of the revenue monitoring reports before they are submitted to the Joint Board. The Board's budget position, reported within the revenue monitoring reports, is discussed at the Senior Management team meetings, which are attended by the Assessor, Depute Assessor, Assistant Assessors and Principal Valuer.



2. Main Report

5. *Senior Management / Joint Board Review of the Overall Financial Position*

5.1 Good Practice Prompt

5.1.1 *'The corporate management team reviews the organisation's overall financial position at least each reporting period.'*

5.2 Procedures in Place

5.2.1 The Joint Board and Senior Management team regularly review the Board's budget position; refer to paragraphs 2.2.7 and 4.2.3 above for further details.



HENDERSON LOGGIE
Chartered Accountants

Tayside Valuation Joint Board

**Electoral Register
2012/13**

Internal Audit Report No: 2013~06

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1. Management Summary

Introduction and Background

As part of our Internal Audit Programme at Tayside Valuation Joint Board ('the Board') for 2012/13 we carried out a review of the controls and procedures surrounding the Registers of Electors published for Angus and Perth & Kinross Council. Our Audit Needs Assessment, issued in March 2011, identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Board and Assessor that the control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The Board provides Electoral Registration services to Angus Council and Perth & Kinross Council. Such services include maintaining the Register of Electors, which is published on or shortly before 1st December each year or by 1st of February if an election takes place during the canvass. The Register of Electors is updated monthly with the exception of September to November, when the new Register is being prepared.

There is a Full version and Edited version of the Register. Everyone eligible to vote will appear on the Full version of the Register; however individuals can choose to have their details removed from the Edited version, which is available for general sale and can be used for commercial activities, such as marketing.

Scope of the Audit

This audit reviewed 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.

Objectives of the Audit

The objectives of this review were to gain 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;
- following the annual canvass procedures checks are in place for recording all confirmations received, including those by telephone SMS text messaging 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 Edited Register are excluded;
- 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 Full and Edited versions of the Registers is accurate;
- adequate controls are in place to ensure that requests for information from external parties is 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.

1. Management Summary

Audit Approach

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

Action Plan

This report sets out one improvement action, which we consider necessary to ensure efficient delivery of each objective and this is discussed within the text for clarity. An action plan for the implementation of the recommendation can be found at Section 2 of this report.

To aid the use of the action plan, our recommendations are graded to denote the level of importance that should be given to each one. These gradings are as follows:

- A Fundamental issues which require the consideration of the Board
- B Significant matters which the Assessor can resolve
- C Less significant matters, which do not require urgent attention but which should be followed up within a reasonable timescale.

Overall Conclusion

On the basis of the work done, reasonable assurance has been obtained 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;
- following the annual canvass procedures checks are in place for recording all confirmations received, including those by telephone SMS text messaging 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 Edited Register are excluded;
- 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 Full and Edited versions of the Registers is accurate;
- adequate controls are in place to ensure that requests for information from external parties is 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.

1. Management Summary

Summary of Main Findings and Recommendations

Council Tax 1 (CT1) cards and the Land Register are used to ensure all relevant households in the Angus and Perth & Kinross Council areas are on the Register of Electors. When adding a new property within the computerised Electoral system (EROS) clerical staff ensure that the 'canvass form required' section within the system is marked yes. This process ensures that an electoral registration form is automatically generated for the household during the canvass period. When adding properties with more than eight tenants the 'canvass form required' section is marked no as manual high occupancy electoral registration forms are sent out to these properties. During the canvass period, *'properties marked not to receive a canvass form'* reports are run to identify the properties that are to be issued with a high occupancy electoral registration form. The reports are annotated to highlight when a form has been issued and returned.

Clerical staff at the Angus and Perth office sort returned electoral registration forms into batches; such batches include an 'opted out of Edited Register' batch, 'no changes' batch and 'changes' batch. As part of our audit we selected a sample of 13 batches from the Angus and Perth offices and in each instance found the batch had been signed off by the staff member(s) performing the initial check and processing and then signed off by another employee(s) as evidence of a secondary review.

As part of our audit we randomly selected a sample of five monthly alterations made to the Register of Electors held by the Angus and Perth office. Our testing highlighted that the Administration Assistant at the Angus office and the Senior Clerical Assistant check each notice letter issued to the elector, informing them of the changes that have been processed, to the supporting paperwork and monthly alteration notice. The monthly alteration notice, generated by EROS, is initialled and dated by the Administration Assistant to evidence that the alteration has been checked; however the Senior Clerical Assistant does not initial this document to evidence that a secondary review has been performed. We recommend that consideration is given to having the Senior Clerical Assistant initial and date each monthly alteration notice to evidence that a secondary review has been performed. Our testing at the Perth office proved satisfactory.

Whilst reviewing a sample of monthly alterations made to the Register of Electors we found one instance where an elector had been deleted from the Register upon receipt from a council that the elector had changed address. In this instance we found no record within EROS that a notice letter had been issued to the elector informing them of their deletion from the Register. Furthermore, whilst reviewing a sample of postal and proxy vote requests we found no record within EROS that an acknowledgement letter had been issued to these electors. During our audit the Administration Assistant at the Angus office contacted the system provider who confirmed that the letters were not recorded within EROS due to a system bug. The provider is investigating this matter further.

During our review we selected four 'opted out of Edited Register' batches of electoral registration forms and selected a form from each batch. In each instance we found the elector had been correctly excluded from the Edited Register of Electors.

The Administration Manager (Electoral Registration / Clerical) maintains a spreadsheet which records all requests for Full and Edited Registers of Electors, monthly alteration lists and lists of overseas electors. Our review found that information was being issued, and where appropriate fees charged, in accordance with the Representation of the People (Scotland) Regulations 2001.

Our review confirmed that access to EROS is appropriately restricted.

Acknowledgements

We would like to thank staff at the Board for the co-operation and assistance we received during the course of our review.



2. Action Plan

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer for Action	Agreed Completion Date
2.3	<p><i>Recording of Confirmations and Updating the Register of Electors</i></p> <p>R1 Consideration should be given to having the Senior Clerical Assistant at the Angus office initial and date each monthly alteration notice to evidence that all alterations have been checked and agreed.</p>	C		Yes	Assistant Assessor Angus Division	May 2013

3. Main Report

1. **Ensuring Relevant Households are on the Angus and Perth and Kinross Register of Electors and Included in the Annual Canvass**

- 1.1 The primary source of information relating to new, altered and demolished properties is obtained from planning permission, warrant registers and completion certificates provided by each of the region's constituent local authorities. Information obtained is recorded in the Board's warrants system and scrutinised by senior valuers in order to identify properties that require a valuation or banding assessment to be carried out. New, altered and demolished properties and their valuation and banding assessments are recorded on Council Tax 1 (CT1) cards, which clerical staff at the Angus and Perth office use to update the computerised Electoral system (EROS) on a weekly basis. The Administration Assistant at each office also reviews EROS, each week, to ensure that the system has been correctly updated for the information recorded on the CT1. In addition to CT1s, clerical staff at the Angus and Perth offices receive copies of the Land Register each month, which enables them to identify property sales and changes in property owners and update EROS accordingly. Our review found that CT1 cards and Land Registers were annotated to highlight that EROS had been updated for the information provided.
- 1.2 When a new property, with the exception of properties with greater than eight tenants, is added within EROS clerical staff ensure that the 'canvass form required' section within the system is marked yes. During the canvass period staff run a process within EROS which automatically generates an electoral registration form for all households that have the 'canvass form required' section marked yes. When adding properties to the system which are occupied by more than eight tenants, such as nursing homes and hotels, the 'canvass form required' section is marked no as manual high occupancy electoral registration forms are sent out to these properties. During the canvass period, *'properties marked not to receive a canvass form'* reports are run to identify the properties that are to be issued with a high occupancy electoral registration form. The reports are annotated to highlight when a form has been issued and returned.
- 1.3 As part of the 2012 electoral registration canvass procedures council tax records were obtained from Angus and Perth & Kinross Council in electronic format and compared against the electoral registration records within EROS to assist in the process of verifying electors.

2. **Recording of Confirmations and Updating the Register of Electors**

- 2.1 Canvass response codes have been established within EROS; for example N for no response, P for responded by post and T for responded by telephone. Prior to running the canvass the Administration Assistant at each office resets each household's response to N. On receipt of the returned electoral registration forms clerical staff group the forms into batches; such batches include an 'opted out of Edited Register' batch, 'no changes' batch and 'changes' batch. The batches are scanned into EROS with a response code of P. The barcode on each electoral registration form ensures the form is scanned against the correct property within EROS. As part of our audit we selected a sample of 13 batches from the Angus and Perth offices and sought assurance that each batch had been signed off by the staff member(s) performing the initial check and processing and then signed off by another employee(s) as evidence of a secondary review. Our testing proved satisfactory. For an electoral registration form within each batch we traced the details to EROS ensuring the form had been scanned against the correct property; the response code was correct; and the details contained within the form matched the information recorded within EROS. No issues were noted.

3. Main Report

2. Recording of Confirmations and Updating the Register of Electors (Continued)

2.2 Electors are given the opportunity to confirm their details via telephone, SMS text messaging or the Web. Although electors can request a postal vote or opt out of the Edited Register via telephone, SMS text messaging or the Web they cannot amend their details via these methods. Responses through these methods are captured by the HERA system. The Administration Assistant at each office receives an e-mail alert that there is a HERA download available; when the download is run it automatically updates EROS with a T for telephone response, M for text message response and W for Web response. If the individual has opted out of the Edited Register or requested a postal vote this will automatically be flagged up within EROS.

2.3 Observation

As part of our review we randomly selected a sample of five monthly alterations made to the Register of Electors held by the Angus and Perth office. In each instance we found that the '*Part D – Monthly alterations to the register*' procedures within the '*Manual Electoral Registration in Great Britain: Guidance for Electoral Registration Officers*' had been followed. Our testing found that clerical staff at the Perth office run a '*list of application for changes to the register*' report each week. This report is signed off by the staff member processing the change within EROS and another staff member who checks that the system has been updated correctly. Monthly alterations to the Register are processed by the Administration Assistant at the Angus office. The Administration Assistant sits with the Senior Clerical Assistant and together they check the notice letter issued to the elector, informing them of the changes that have been processed, to the supporting paperwork and monthly alteration notice. The monthly alteration notice, generated by EROS, is initialled and dated by the Administration Assistant to evidence that the alteration has been checked; however the Senior Clerical Assistant does not initial this document to evidence that a secondary review has been performed.

Risk

No evidence of a secondary review being performed.

Recommendation

R1 Consideration should be given to having the Senior Clerical Assistant at the Angus office initial and date each monthly alteration notice to evidence that all alterations have been checked and agreed.

Benefit

The secondary review of all monthly alterations to the Register of Electors is documented.

2.4 Electors are sent a notice letter informing them of any alterations to the Register of Electors which relate to them. For the five monthly alterations reviewed during our audit we identified three instances where there was no record within EROS that a notice letter had been issued to the elector. In two instances the elector had died and therefore no letter had been issued; however in one instance an elector had been deleted from the Angus Register of Electors upon receipt from a council that the elector had changed address. We were advised by the Administration Assistant that a notice letter had been issued to this elector and that EROS should have automatically recorded that the letter had been sent. The Administration Assistant contacted the system provider who confirmed there was a bug in the system which meant the letter had not been recorded. The system provider is looking into this matter.

3. Main Report

3. Exclusion from the Edited Register

- 3.1 As part of our review we randomly selected four 'opted out of Edited Register' batches of electoral registration forms and selected a form from each batch. In each instance we found that the 'opt-out of Edited Register' section of the form had been ticked. Two electoral registration forms were chosen from the Perth office and two from the Angus office. A review of the Edited Registers of Electors for Perth and Angus confirmed that the electors within our sample had been correctly excluded from the Registers.

4. Postal and Proxy Votes

- 4.1 As part of our audit we randomly selected three electoral registration forms, requesting a postal vote, from the 13 batches tested during our review. In each instance we found a postal vote application form had been issued to the elector and the elector had been flagged as an absent vote within EROS. During our audit we also selected two proxy vote requests and confirmed in each instance that a proxy vote application form had been issued and the elector had been flagged as a proxy vote within EROS. The Administration Assistant at the Perth and Angus office advised that an acknowledgement letter is issued to electors requesting a postal or proxy vote; however for those requesting a postal or proxy vote within our sample we found no record within EROS that an acknowledgement letter had been issued. The Administration Assistant at the Angus office contacted the system provider during our audit and the provider confirmed that a bug within the system meant that acknowledgment letters were not currently being recorded within EROS. The system provider is investigating this further and therefore no recommendation has been raised within our report.

5. Requests for Information from External Parties

- 5.1 Full and Edited Registers of Electors, monthly alteration lists and a list of overseas electors are held in secure locations at the Angus and Perth offices and requests from external parties to obtain electronic or hardcopies of this information must be received in writing. Requests for information are generally submitted to the Angus and Perth offices, but on occasion are received by the Administration Manager (Electoral Registration / Clerical). The Administration Manager (Electoral Registration / Clerical) is notified of all requests and records these on a spreadsheet. The spreadsheet records the name of the organisation / individual who made the request and their contact details; the format in which the information is to be provided; the date information was requested and distributed; and invoice and payment details, where appropriate. Our review found that information was being issued, and where appropriate fees charged, in accordance with the Representation of the People (Scotland) Regulations 2001. All information sent out is password protected.

6. System Access

- 6.1 All staff have a unique user name and password, which enables them to log onto their desktop. In accordance with the Board's '*Security of Information Technology Systems Guidance to Staff*' the password must contain both alphabetic and numeric characters and be changed at least once every three months. At the Board, EROS can only be accessed through the desktops of clerical staff, the Depute Assessor, Assistant Assessors, Administration Manager (Electoral Registration/Clerical) and the IT Administrator who each have their own user name and password to access the system. Four user groups have been established within EROS, a Board user group for the Perth office; a Board user group for the Angus office; a Perth & Kinross Council user group; and an Angus Council user group. The access rights of all user groups are the same, with the exception that staff at Perth & Kinross Council and Angus Council can access staff details, which Board staff cannot. The IT Administrator at the Board is not part of a user group but has access to EROS in order to set user permissions.



3. Main Report

6. System Access (Continued)

- 6.2 Discussion with the IT Administrator highlighted that staff' access rights are not removed from EROS when an employee leaves the Board, as the system provider will not allow the access rights to be removed for audit trail purposes. However a '*staff leaver form IT notification*' is completed for each leaver and upon receipt of this form the IT Administrator removes the leaver from the server. Removal of the leaver from the server ensures that the leaver cannot log onto a desktop and therefore access EROS.



HENDERSON LOGGIE
Chartered Accountants

Tayside Valuation Joint Board

**Follow Up
2012/13**

Internal Audit Report No: 2013/07

Draft Issued: 14 May 2013

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1. Management Summary

Introduction and Background

We have been appointed as Internal Auditors to Tayside Valuation Joint Board ('the Board') for the period 1 April 2010 to 31 March 2013. The Internal Audit Plan for 2012/2013 includes time for follow-up work on the recommendations made in our Internal Audit reports issued during 2011/2012. These were:

2012/02 – Procurement and Creditors / Purchasing;
2012/03 – IT Network Arrangements;
2012/04 – Risk Management and Business Continuity Planning;
2012/05 – Non Domestic Rates;

Reports 2012/01 and 2012/07, did not contain an action plan and therefore no follow-up was required as part of this review. There were seven outstanding actions from 2010/11 that were required to be followed up again this year. In one instance there had been no project to trigger the action.

Audit Scope and Objectives

The objective of our follow-up review was to assess whether recommendations made in our internal audit reports in 2011/12 have been appropriately implemented and to ensure that, where little or no progress has been made towards implementation, that plans are in place to progress them.

Audit Approach

The audit approach taken was as follows:

- 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
- preparation of a summary of the current status of the recommendations for the Audit Committee.

Overall Conclusion

The Board has made good progress in implementing the 43 recommendations contained within internal audit reports listed above with 36 recommendations, including all seven of the 2010/11 actions, being assessed as fully implemented.

The Risk Management and Business Continuity Planning action that has been considered but not implemented related to home working arrangements in the event of widespread sickness or a pandemic. This was given detailed consideration by management who have determined that the action was impractical to implement.

Of the remaining six recommendations:

- Two have been noted as 'no project to trigger action', as both related to Project Management.
- The four partially implemented actions in the Risk Management and Business Continuity Planning report will be implemented when the annual report to the Board is submitted in June 2013 and as soon as suitable project management and risk management training can be identified. These recommendations will be followed up again next year.



1. Management Summary

<i>From Original Reports</i>			<i>From Follow-Up Work Performed</i>			
Area	Recommendation Grades	Number Agreed	Fully Implemented	Partially Implemented	Considered but not Implemented	No Project To Trigger Action
Procurement and Creditors / Purchasing	Critical	-	-	-	-	-
	Significant	3	3	-	-	-
	Routine	3	3	-	-	-
IT Network Arrangements	Critical	-	-	-	-	-
	Significant	6	6	-	-	-
	Routine	-	-	-	-	-
Risk Management and Business Continuity Planning	Critical	1	1	-	-	-
	Significant	5	2	3	-	-
	Routine	13	10	1	1	1
Non Domestic Rates	Critical	-	-	-	-	-
	Significant	3	3	-	-	-
	Routine	2	2	-	-	-
From 2010/11						
Corporate Governance	Critical	-	-	-	-	-
	Significant	2	2	-	-	-
	Routine	-	-	-	-	-
Asset Management	Critical	-	-	-	-	-
	Significant	1	1	-	-	-
	Routine	2	2	-	-	-
System Development	Critical	-	-	-	-	-
	Significant	1	-	-	-	1
	Routine	1	1	-	-	-
Total		43	36	4	1	2

Acknowledgements

We would like to thank all staff at the Board who assisted us during our review.

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>Procurement and Creditors / Purchasing 2012~02</i></p> <p><i>1. Achieving Best Value</i></p> <p>R1 Good practice suggests that the Purchasing and Procurement procedures should be reviewed and updated on at least an annual basis, however given the size of the Board every two years or when a major change, such as the recent restructure, takes place would be sufficient.</p>	B		Y	Administration Manager	March 2012	<p>Purchasing and Procurement procedures have been reviewed since the restructure and will be reviewed and amended on an ongoing basis.</p> <p><i>Fully Implemented</i></p>
<p>R2 Consideration should be given to try to focus on the consistently lower priced suppliers and perhaps one other to ensure that best value is being obtained for IT purchases.</p>	C		Y	IT Administrator	March 2012 and ongoing	<p>Due to price fluctuation there has never been one consistently lower priced supplier therefore, in order to ensure best value, quotes have been obtained from more than the requested two suppliers. Every effort will continue to reduce the number of quotes obtained.</p> <p><i>Fully Implemented</i></p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>Procurement and Creditors / Purchasing 2012~02 (cont'd)</i></p> <p>R3 Reference should be made within the Procurement and Purchasing procedures where orders exceed £10,000 to refer to the Tendering Procedures.</p>	C		Y	Administration Manager	March 2012	Completed March 2012. <i>Fully Implemented</i>
<p>2. Compliance with Procedures</p> <p>R4 In accordance with the Financial Regulations staff should be reminded to document decisions as to why three quotes for goods/services are not being obtained or why the tendering process is not being followed.</p>	C		Y	Administration Manager	March 2012	This is now being carried out. <i>Fully Implemented</i>
<p>3. Risk of Unauthorised and Excessive Expenditure</p> <p>R5 Given the new Divisional structures the Purchasing and Procurement procedures should be reviewed to ensure that they are still relevant.</p>	B		Y	Administration Manager	March 2012	Procedures reviewed March 2012. <i>Fully Implemented</i>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>Procurement and Creditors / Purchasing 2012~02 (cont'd)</i></p> <p>R6 Budget Holders should evidence that they have contacted the Administration Manager to obtain and confirm budgetary information and substantiate that approval has been given. This could be by annotating the order or by following up with an email which could be printed and attached to the purchase order.</p>	B		Y	Administration Manager Budget Holders	March 2012	Operating in all Divisions. <i>Fully Implemented</i>
<p><i>IT Network Arrangements 2012-03</i></p> <p><i>Physical and Environmental Controls</i></p> <p>R1 The servers in the Dundee server room should be repositioned or some form of protection installed to minimise the risk of damage which may be caused by a leaking air-conditioning unit.</p>	B	Servers will be repositioned to ensure that there is no possibility of equipment being damaged	Y	IT Manager	31 May 2012	The servers have been repositioned away from the air conditioning unit wall. <i>Fully Implemented</i>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>IT Network Arrangements 2012-03 (cont'd)</i></p> <p>R2 As a minimum the Board should ensure that server rooms at each of the offices remain locked at all times. Further consideration should also be given to installing a suitable entry system for gaining access to the server rooms at Perth and Forfar which can be easily controlled. Options include code locks and electronic access cards. Whichever system is put into place, controls over access need to be implemented to handle staff changes and the monitoring of access.</p>	B		Y	IT Manager Assistant Assessors, Angus and Perth & Kinross	31 July 2012	<p>All server rooms now have code lock entry systems fitted.</p> <p><i>Fully Implemented</i></p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p>IT Network Arrangements 2012-03 (cont'd)</p> <p>Network Infrastructure</p> <p>R3 Draw up and disseminate an IT office manual which includes clear and concise policies and procedures on key areas covered by IT such as:</p> <ul style="list-style-type: none"> • a file management policy or procedure; • an IT security policy that covers file controls; • an access control policy; • a password management policy; • change control procedures including reviewing, approving, testing and implementing network upgrades and patches; • a firewall policy including configuration and settings; and • an up-to-date network map. <p>Note that this list is not exhaustive and that the IT Team should ensure that a comprehensive list of procedures is drawn up which reflects its activities.</p>	B		Y	IT Manager	31 October 2012	<p>Comprehensive documentation has been produced and disseminated.</p> <p>Fully Implemented</p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>IT Network Arrangements 2012-03 (cont'd)</i></p> <p>R4 The network schematic should be updated to include the:</p> <ul style="list-style-type: none"> • location of network routers and switches; • details of the number of workstations and their locations; • firewall server; and • communication links between servers and other hardware. 	B		Y	IT Manager	30 June 2012	<p>Network schematic has been updated as recommended.</p> <p><i>Fully Implemented</i></p>
<p><i>Logical Access</i></p> <p>R5 A log file record should be established to record events such as:</p> <ul style="list-style-type: none"> • Failed log-on attempts; • Failed file access attempts; • Account additions, changes and deletions; • Changes to system security configurations; and • Access to critical data files. <p>The IT Team should ensure that this record is regularly reviewed and appropriate action is taken.</p>	B		Y	IT Manager	31 July 2012	<p>An in-house application has been developed to log and monitor events.</p> <p><i>Fully Implemented</i></p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>IT Network Arrangements 2012-03 (cont'd)</i></p> <p><i>Acceptable Use Policy</i></p> <p>R6 The <i>Security of Information Technology Systems</i> guidance should be reviewed to ensure it properly reflects the Board's current IT operation, in particular its use of tablet devices. This should cover:</p> <ul style="list-style-type: none"> • Security of the devices; • Updating of any protection software in place; • Connection to third party networks; and • Data encryption. 	B		Y	IT Manager	31 May 2012	<p>Guidance document has been updated as appropriate and now covers the use of tablet services.</p> <p><i>Fully Implemented</i></p>
<p><i>Risk Management and Business Continuity Planning 2012-04</i></p> <p><i>Risk Management</i></p> <p>R1 Revise the Risk Management Strategy with a view updating and strengthening this.</p>	B		Yes	Chair of Governance Working Group	September 2012	<p>Document revised and updated.</p> <p><i>Fully Implemented</i></p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>Risk Management and Business Continuity Planning 2012-04 (cont'd)</i></p> <p>R2 Consider whether the risk register should be separate from the Business Continuity Plan.</p>	C		Yes	Chair of Governance Working Group	September 2012	Documentation reviewed. Risk Register and Business Continuity Plans are now separate documents. <i>Fully Implemented</i>
<p>R3 Create detailed risk registers for council tax and business rates as well as any major project the Board is undertaking.</p>	C		Yes	Chair of Governance Working Group	September 2012	Completed. <i>Fully Implemented</i>
<p>R4 Ensure that all risks are assigned to one person, or one person in each office.</p>	C		Yes	Chair of Governance Working Group	September 2012	Completed. <i>Fully Implemented</i>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
R5 Review the Board's risk scoring with a view to reducing the range of scores and ensure there are definitions for each likelihood and impact score.	B		Yes	Chair of Governance Working Group	September 2012	Completed. Fully Implemented
Risk Management and Business Continuity Planning 2012-04 (cont'd) R6 Present the highest priority risks to the Board at each of their meetings for discussion as well as setting out how management have gained assurance that adequate mitigating controls are in place and highlighting any concerns.	B		Yes	Chair of Governance Working Group	September 2012 June 2013	Highest priority risks will be included in the report to the Board in June 2013 and annually thereafter. Partially Implemented
R7 Ensure that the 'control measures' and 'further action' columns in the risk register clearly set out controls in place and actions being undertaken to mitigate risks, including giving evidence of controls at each Board office when there are office-specific risks.	C	The Governance Working Group will give further consideration to identifying office specific risks.	Yes	Chair of Governance Working Group	September 2012	Completed. Included in updated document. Fully Implemented

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p>Risk Management and Business Continuity Planning 2012-04 (cont'd)</p> <p>R8 As part of the annual reporting process management should outline how they have gained assurance that key risks are being mitigated adequately. This may include their key internal management checks, findings from internal audit or external audit reviews, as well as reviews of key exception reports and complaints logs.</p>	C		Yes	Assessor	Annual Report 2013	<p>To be included in the report to the Board in June 2013 and annually thereafter.</p> <p>Partially Implemented</p>
<p>R9 Provide risk management training to staff and management.</p>	B	Training courses will be identified or provided in house to be implemented by December 2012	Yes	Chair of Governance Working Group	September - December 2012	<p>Attempts are being made to identify suitable training courses.</p> <p>Partially Implemented</p>
<p>R10 Work with partner bodies to understand what their risks are and determine whether any may affect the Board. If so, work with partner bodies to mitigate these risks.</p>	C		Yes	Chair of Governance Working Group	September 2012	<p>Regular meetings are held with partner bodies. Risk management will be included on the agendas of such meetings.</p> <p>Fully Implemented</p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p>Risk Management and Business Continuity Planning 2012-04 (cont'd)</p> <p>R11 Consider what project management and risk management processes should be put in place over projects.</p>	C		Yes	Chair of Governance Working Group September 2012	September 2012	<p>Appropriate project management and risk management processes will be put in place for all future projects.</p> <p>There have been no projects to trigger specific action.</p> <p>No Project to Trigger Action</p>
<p>R12 Ensure that all staff have up-to-date workstation assessments and ensure that someone centrally checks that these have been received and any issues noted adequately followed up on a timely basis.</p>	C	Workstation assessments are up to date in Dundee and Forfar and will be brought up to date in Perth following completion of training of members of staff. Procedures for recording and checking will be formalised and consideration given to review periods.	Yes	Chair of Governance Working Group	September 2012	<p>Workstation assessments have been brought up to date subsequent to reorganisation of the office and employment of new staff in the Perth division.</p> <p>All workstation assessments are now up-to-date and there are no outstanding issues.</p> <p>Fully Implemented</p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>Business Continuity Planning</i></p> <p>R13 Either amend the Board's risk appetite for electoral registration or ensure that sufficient computers and a fully configured electoral registration server and generator are set up in Dundee.</p>	A	Detailed consideration will be given to the options available and to the practicalities of their implementation. This will include reconsideration of the risk appetite for electoral registration and the introduction of a range of improved mitigation measures, which may include changes to procedures and enhanced system back-up provision.	Yes	Depute Assessor	September 2012	<p>The risk register has been reviewed and new business continuity procedures have been implemented.</p> <p>A fully configured electoral registration server, additional computers and associated equipment have been installed in Dundee, which provides robust back-up facilities enabling swift restoration of services.</p> <p><i>Fully Implemented</i></p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>Risk Management and Business Continuity Planning 2012-04 (cont'd)</i></p> <p>R14 Fully test the DRP to ensure it is robust</p>	B		Yes	Depute Assessor	September 2012	<p>The plan was tested on 5 March 2013 and actions arising from that test are being followed up.</p> <p>Further tests will be undertaken following the installation of additional computer equipment identified as necessary to ensure the robustness of the plan.</p> <p><i>Partially Implemented</i></p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>Risk Management and Business Continuity Planning 2012-04 (cont'd)</i></p> <p>R15 Put in place controls in the event of Board IT staff not being available in the event of a disaster, such as having Dundee City Council IT staff implement the DRP.</p>	C		Yes	Depute Assessor	September 2012	<p>The IT Development Manager has consulted with Dundee City Council staff, who are prepared to offer assistance if required.</p> <p>The IT Development Manager is to participate in regular meetings with the Heads of IT of partner organisations (Dundee City Council; Angus Council; Perth & Kinross Council; Fife Council; NHS Tayside) when Business Continuity matters will be discussed.</p> <p><i>Fully Implemented</i></p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>Risk Management and Business Continuity Planning 2012-04 (cont'd)</i></p> <p>R16 Consider whether contingency boxes should be prepared and stored at each office.</p>	C		Yes	Chair of Governance Working Group	September 2012	<p>Consideration of the need for contingency boxes was made. It was thought these were unnecessary but that rechargeable torches should be installed at strategic locations in each divisional office. These would ensure that the building may be evacuated more safely in the event of failure of lighting and emergency lighting. These are now in place.</p> <p><i>Fully Implemented</i></p>
<p>R17 Ensure that there is action undertaken to increase the awareness of the BCP to staff.</p>	C		Yes	Chair of Governance Working Group	September 2012	<p>Relevant postholders participated in the test on 5 March 2013 to ensure they were aware of their roles in the event of a "disaster". All staff have been advised of the Business Continuity Plan and it is permanently available on the staff Intranet. They will be advised of updates and revisions as they occur.</p> <p><i>Fully Implemented</i></p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p>Risk Management and Business Continuity Planning 2012-04 (cont'd)</p> <p>R18 Devise a testing programme for the BCP, with all findings from tests followed up and used to fine tune the processes.</p>	C		Yes	Chair of Governance Working Group	September 2012	<p>The plan was tested on 5 March 2013 prior to installation of the equipment purchased to enable continuity of service. A more practical test of the plan will take place when the equipment is installed. A programme for further tests and follow up actions has been arranged.</p> <p>Fully Implemented</p>
<p>R19 Consider approving working from home, with enabling IT services, for electoral registration staff during key electoral periods in the event of widespread sickness or a pandemic.</p>	C	Detailed consideration will be given to the practicalities and benefits of implementing this recommendation.	Yes	Chair of Governance Working Group	September 2012	<p>The recommendation was considered, however, in light of IT implications and the requirement for the formation of a permanent workstation in each staff member's house, the resolution of the envisaged risk is impractical. Other resolutions to the limited risk would include working from other offices.</p> <p>Considered but Not Implemented</p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p>Non Domestic Rates 2012-05</p> <p>Valuations</p> <p>R1 Consideration should be given to developing a standard reporting template for valuation reports which includes a field for the final rateable value of the property which can then be agreed to the figure in the valuation system.</p>	C		Y	Assistant Assessor Perth & Kinross	September 2012	<p>The existing range of standard report and valuation templates, including history sheet, have been reviewed, amended and are now available for use in all three Divisions. However, due to the wide range of subjects which require to be valued, a single all encompassing valuation report template is not deemed appropriate in every case.</p> <p>Fully Implemented</p>
<p>R2 Staff in the Forfar office should be reminded of the importance of ensuring that VC1 cards are completed in accordance with the Board's procedures, including recording the extent of any monetary difference between the original value and the proposed amended valuations.</p>	B		Y	Assistant Assessor Angus	May 2012	<p>Angus Division staff have been reminded of the importance of ensuring that VC1 cards are completed in accordance with the Board's procedures.</p> <p>Fully Implemented</p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p>Non Domestic Rates 2012-05 (cont'd)</p> <p>Roll of Change</p> <p>R3 To reduce the risk of self-review of changes being applied to the Roll of Change (RoC), and to strengthen controls already in place, consideration should be given to implementing the system of checking of the RoC which is in place at the Perth office across all offices.</p>	B		Y	Depute Assessor	July 2012	<p>Following a detailed review of procedures, a standard system of checking has been agreed and implemented in all three Divisions.</p> <p>Fully Implemented</p>
<p>Appeals</p> <p>R4 Discussions should be held with the IT Team to determine the feasibility of setting up hyperlinks from the information on the appeals and valuations systems which takes the user directly to the related supporting evidence held within the document library or other screens.</p>	C	The appeals system does already include a facility to link to appeal letters held in the document library. Further review of all systems will be undertaken to consider the feasibility of the recommendation.	Y	Depute Assessor	December 2012	<p>A facility already exists within the Appeals system which links to appeal letters held within the document library facility. Following review, all appeals logged in the Appeals system are now routinely linked to letters held in the document library. The majority of existing appeals have been linked retrospectively.</p> <p>Fully Implemented</p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>Non Domestic Rates 2012-05 (cont'd)</i></p> <p><i>Deletions / Amendments</i></p> <p>R5 Consideration should be given to establishing a procedure whereby staff should be asked to complete an annual return listing any non domestic properties in which they have a personal interest. Reports should be extracted from the system periodically and checks performed to ensure that the staff members are not carrying out valuations or processing amendments on these properties.</p>	B		Y	Depute Assessor	July 2012	<p>An annual return system has been implemented. Properties in which staff have an interest will be highlighted on reports showing changes to the Valuation Roll and Council Tax Valuation List.</p> <p><i>Fully Implemented</i></p>



3. Updated Action Plan 2010/11

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at March 2012	Progress at April 2013
<p>Corporate Governance 2011-05</p> <p>R1 The Board should establish a clear mission and vision and include statements within the Service Plan.</p>	B		Yes	Assessor	Original December 2011	<p>These are to be included in an updated Service Plan which is to be presented to the Board for approval in June 2012.</p> <p>Partially Implemented</p>	<p>Included in Service Plan.</p> <p>Fully Implemented</p>
<p>R2 The Service Plan should be reviewed and updated annually to ensure that it remains up to date and in line with the Boards strategic aims.</p>	B		Yes	Assessor	Original On-going	<p>An updated Service Plan is to be presented to the Board in June 2012 and reviewed annually.</p> <p>Partially Implemented</p>	<p>The Service Plan is reviewed annually.</p> <p>Fully Implemented</p>



3. Updated Action Plan 2010/11

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at March 2012	Progress at April 2013
<p>Asset Management 2011~07</p> <p>General</p> <p>R1 Once the restructuring at the Board is complete a full review of all the Board's procedures should be carried out to ensure that they are fit for purpose. All staff should be made aware of any changes made to the Board's procedures.</p>	C		Yes	Assessor	Original December 2011	Administration restructure was not completed until February 2012. Review of most procedures has been completed. Review and updating of all procedures will be completed by May 2012. Partially Implemented	All procedures reviewed and updated in May 2012. Fully Implemented



3. Updated Action Plan 2010/11

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at March 2012	Progress at April 2013
<p>Asset Management 2011~07 (cont'd)</p> <p>Maintenance of Assets</p> <p>R5 The Board should consider improving their current maintenance arrangements by developing a maintenance plan for their assets, together with monitoring arrangements.</p>	B		Yes	Depute Assessor	Original December 2011	<p>This has been delayed due to the restructuring of the IT and Administration Sections. Will be completed by May 2012.</p> <p>Little or No Progress Made</p>	<p>Guidelines for the updating of asset registers, to include recording of maintenance and planned maintenance of assets, have been produced.</p> <p>Fully Implemented</p>
<p>Asset Disposal</p> <p>R6 The Board should consider drafting guidelines for asset disposals, covering when assets can be disposed of, who can instruct and authorise.</p>	C		Yes	Depute Assessor	Original December 2011	<p>This has been delayed due to the restructuring of the IT and Administration Sections. Will be completed by May 2012.</p> <p>Little or No Progress Made</p>	<p>Completed.</p> <p>Fully Implemented</p>



3. Updated Action Plan 2010/11

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at March 2012	Progress at April 2013
<p>System Development 2011~08</p> <p>Project Management</p> <p>R1 If large-scale projects are undertaken in future, consideration should be given to the training needs of the project manager and the project management tools to be employed for the project. This should cover all aspects of the implementation, including setting criteria for testing, user acceptance, training and criteria for assessing the post implementation stage.</p>	B		Yes	Assessor	Original On-going	No large scale projects have been undertaken since the last audit. The recommendations will be implemented as required in any future projects. No Project To Trigger Action	No Project To Trigger Action.



3. Updated Action Plan 2010/11

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at March 2012	Progress at April 2013
<p>System Development 2011~08</p> <p>Post Implementation Review</p> <p>R3 A review should be carried out early in 2012 to consider if any lessons learned are apparent from the operation of the system for carry forward to future projects.</p>	C		Yes	Depute Assessor	Original March 2012	Discussed at meeting of Electoral Registration Working Group on 8 February 2012 and to be followed up at future meetings. Partially Implemented	Discussed at meetings of the Electoral Registration Working Group. Fully Implemented



HENDERSON LOGGIE
Chartered Accountants

Tayside Valuation Joint Board

**Annual Report to the Joint Board and the Assessor
on the Provision of Internal Audit Services for
2012/13**

Internal Audit Report No: 2013/08

Draft Issued: 14 May 2013

Final Issued: 14 May 2013



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1. Annual Report and Opinion

- 1.1 We were formally appointed in April 2011 as internal auditors of Tayside Valuation Joint Board ('the Board') for the period 1 April 2010 to 31 March 2013. This report summarises the internal audit work performed during 2012/13.
- 1.2 An Audit Needs Assessment (ANA), based on the areas of risk that the Board is exposed to, was prepared as part of our internal audit programme for 2010/11 (internal audit report 2011/01, issued April 2011). The ANA was prepared following discussion with the Assessor, several senior Board personnel, the external auditors, Audit Scotland, and with reference to the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom. The ANA was prepared on the basis of the normal three-year internal audit cycle, covering the period 2010/11 to 2012/13. The ANA was based on the previous internal audit risk assessment updated to reflect changes in the internal and external environment in the intervening period, and our own assessment of the risks faced by the Board. Following on from the ANA, a Strategic Plan was formulated covering the three-year cycle.
- 1.3 The work undertaken in 2012/13 is set out in the Strategic Plan for 2012/13. The reports submitted are listed in Section 2 of this report and a summary of results and conclusions from each assignment is given at Section 3.
- 1.4 An analysis of time spent against budget is at Section 4.

Significant Issues

- 1.5 There were no significant issues identifying major internal control weaknesses arising from our internal audit work. In general, procedures were operating adequately in the areas selected, but in most cases areas for further strengthening were identified and action plans have been agreed to address these issues.

Opinion

- 1.6 In our opinion the Board operates adequate and effective internal control systems as defined in the ANA. Proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into consideration the work we have undertaken during the current year and an examination of the reports of the previous internal audit service provider, Dundee City Council.



2. Reports Submitted

<u>Report Number</u>	<u>Title</u>	<u>Action Points</u>	<u>Grade A</u>	<u>Grade B</u>	<u>Grade C</u>
2013/01	Annual Plan 2012/13	N/A			
2013/02	Health & Safety	2	-	2	-
2013/03	Corporate Planning	3	-	-	3
2013/04	Council Tax	10	-	7	3
2013/05	Budget Setting and Budgetary Control	0	-	-	-
2013/06	Electoral Register	1	-	-	1
2013/07	Follow-Up Reviews	NA			

To aid the use of the action plan, our recommendations have been graded to denote the level of importance that should be given to each one. The gradings are as follows.

- A Issues which require the consideration of the Board.
- B Significant matters which the Senior Management Team can resolve.
- C Less significant matters, which do not require urgent attention but which should be followed up within a reasonable timescale.

3. Summary of Results and Conclusions

2013/01 – Annual Plan 2012/13

Final Issued August 2012

The purpose of this document was to present, for consideration by the Joint Board, the annual operating plan for the year ended 31 March 2013. The plan was based on the proposed allocation of audit days for 2012/13 set out in the ANA and Strategic Plan 2010 to 2013.

The detailed scope, objectives and audit approach for each audit assignment to be undertaken, arrived at following discussion with the Assessor, were set out in the report.

2013/02 – Health & Safety

Final Issued November 2012

This audit reviewed the arrangements in place within the Board to deal with Health and Safety corporately and across all locations.

On the basis of the work done, we obtained reasonable assurance that the overall arrangements for dealing with H&S issues are adequate and a number of areas were identified where good practice has been applied.

The conclusions on each of the objectives of our audit were that Tayside Valuation Joint Board has:

- a H&S policy and documented procedures which are communicated to all staff;
- a formal risk identification and assessment process in place;
- a H&S training programme which includes induction training, refresher training and training for new equipment or legislation;
- an incident and accident recording system with follow-up and implementation of new controls where required, although we recommended that the system could be further strengthened by ensuring all incident / accident forms are sent to the Dundee office for central filing; and
- regular reporting of H&S to the Management Team and to the Board although we recommended that reporting of accidents at Departmental Safety Committee meetings could be improved and the Annual H&S report issued to the Board could be further enhanced by ensuring that the format of reports is in line with that recommended by the Health and Safety Executive.

2013/03 – Corporate Planning

Final Issued December 2012

This audit focussed on the overall corporate planning processes within the Board, including detailed operational planning for each service area.

On the basis of the work done, we obtained reasonable assurance that:

- linkages between the Corporate Plan and the detailed Service Plan are clearly defined and communicated;
- the plans are consistent with each other and commitments in the Corporate Plan are systematically translated into clear responsibilities for implementation within the detailed Service Plan;
- there is a systematic approach for ensuring stakeholders views and key risks are taken into account;
- the plans are being appropriately monitored and controlled; and
- there is effective linkage between planning and budgeting at all levels.

3. Summary of Results and Conclusions

2013/04 – Council Tax

Final Issued April 2013

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

In relation to our specific objectives, assurance was obtained that the internal controls in place are operating effectively which ensure that: the Valuation List is up to date and accurate; valuations, proposals and appeals are dealt with appropriately and timeously and appropriate notices are issued to taxpayers; and appropriate controls are in place over entries and amendments made to the Valuation List.

We did not identify any significant control weaknesses although some minor instances of non-compliance with the Board's internal controls were noted with recommendations raised in relation to these. We also identified some areas, mainly in relation to the efficient use of the Board's systems, where further improvements could be made.

2013/05 – Budget Setting and Budgetary Control

Final issued May 2013

This review covered the processes and controls in place for budget setting and budgetary control within the Board.

On the basis of the work done, we obtained reasonable assurance that:

- budgets are set and approved in accordance with the Financial Regulations;
- budgets are controlled and monitored in accordance with the Financial Regulations;
- budget information is available to management in a format that can be easily understood;
- budget holders have the necessary skills for managing budgets;
- budget variations are reported and acted upon; and
- Senior Management and the Joint Board regularly review the overall financial position.

2013/06 – Electoral Register

Final Issued May 2013

This audit reviewed 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.

On the basis of the work done, reasonable assurance was obtained 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;
- following the annual canvass procedures checks are in place for recording all confirmations received, including those by telephone SMS text messaging 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;

3. Summary of Results and Conclusions

2013/06 – Electoral Register (continued)

- adequate procedures are in place to ensure those who elect to be excluded from the edited register are excluded;
- 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 full and edited versions of the registers is accurate;
- adequate controls are in place to ensure that requests for information from external parties is 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.

2013/07 – Follow-Up Reviews

Final Issued May 2013

We carried out a follow-up review of recommendations made in the following internal audit reports issued during 2011/12:

- Internal Audit Report 2012/02 – Procurement and Creditors / Purchasing;;
- Internal Audit Report 2012/03 – IT Network Arrangements;
- Internal Audit Report 2012/04 – Risk Management and Business Continuity Planning; and
- Internal Audit Report 2012/05 – Non Domestic Rates.

The objective of each of our follow-up reviews was to assess whether recommendations made in previous reports had been appropriately implemented and to ensure that, where little or no progress had been made towards implementation, that plans were in place to progress them.

The Board has made good progress in implementing the 43 recommendations contained within internal audit reports listed above with 36 recommendations, including all seven of the 2010/11 actions, being assessed as fully implemented.

The Risk Management and Business Continuity Planning action that has been considered but not implemented related to home working arrangements in the event of widespread sickness or a pandemic. This was given detailed consideration by management who have determined that the action was impractical to implement.

Of the remaining six recommendations:

- Two have been noted as 'no project to trigger action', as both related to Project Management.
- The four partially implemented actions in the Risk Management and Business Continuity Planning report will be implemented when the annual report to the Board is submitted in June 2013 and as soon as suitable project management and risk management training can be identified. These recommendations will be followed up again next year.

4. Time Spent – Budget v Actual

Internal Audit	Report number	Planned days	Actual days feed	Days to fee at May 2013	Days to spend / WIP	Variance
Reputation <i>Health & Safety</i>	2013/02	3	-	3	-	-
Council Tax	2013/03	8	-	8	-	-
Electoral Register	2013/04	4	-	3	1	-
Financial Issues <i>Budget setting / budgetary control</i>	2013/05	4	-	4	-	-
Organisational Issues <i>Corporate planning</i>	2013/06	5	-	5	-	-
Other Audit Activities						
Liaison with External Audit)	N/A					
Management and Planning)	2013/01	4	-	4	-	-
Attendance at Joint Board)	N/A					
Follow-up Reviews	2013/07	2	-	2	-	-
Total		30	-	29	1	-
		=====	=====	=====	=====	=====



5. Operational Plan for 2013/14

- 5.1 Following our re-appointment as internal auditors for the period from 1 April 2013 to 31 March 2016 an Audit Needs Assessment and Strategic Plan for 2013 to 2016 was developed during May 2013 and will be presented to the Board. (Internal audit report 2014/01, issued May 2013).
- 5.2 An extract from the Strategic Plan, in relation to 2013/14 is below, which will be discussed with management, and updated if appropriate before being finalised for next year.

Tayside Valuation Joint Board Strategic Plan 2013/14 to 2015/16

Proposed Allocation of Audit Days

	Planned 13/14 Days
Reputation	
<i>Public Performance Reporting</i>	4
Staffing Issues	
<i>Recruitment and retention / HR policies</i>	
<i>Payroll</i>	4
<i>Staff training and development</i>	
Estates and Facilities	
<i>Asset management</i>	3
Financial Issues	
<i>General ledger</i>	3
Organisational Issues	
<i>Risk management / Business continuity</i>	
<i>Corporate governance and control environment</i>	6
<i>Corporate planning</i>	
Information and IT	
<i>IT network arrangements</i>	
<i>Data security / Data protection / FOI</i>	
<i>Systems development / implementation</i>	
Other Audit Activities	
<i>Management and Planning)</i>	4
<i>External audit)</i>	
<i>Attendance at audit committees)</i>	
<i>Follow-up reviews</i>	2
<i>ANA</i>	4
<i>Total</i>	<hr style="width: 20%; margin: 0 auto;"/> 30 =====



HENDERSON LOGGIE
Chartered Accountants

Tayside Valuation Joint Board

**Council Tax
2012/13**

Internal Audit Report No: 2013/04

**Draft Issued: 20 December 2012
27 February 2013**

Final Issued: 26 April 2013



Section 1 Management Summary

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1. Management Summary

Introduction

As part of the Internal Audit programme at Tayside Valuation Joint Board ('the Board') for 2012/13 we carried out a review of the Board's Council Tax Valuation List arrangements. The 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 the Assessor that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The Valuation List ('the List') is a register of all domestic properties which are subject to banding for Council Tax purposes. The List also includes subjects such as domestic lock-up garages and domestic stores which are regarded as exempt dwellings.

Each dwelling is placed in one of eight broad bands according to its estimated capital value as at 1 April 1991. The List contains address information together with the band ascribed to each dwelling.

As at 1 April 2012 there were 198,151 dwellings subject to Council Tax on the List for Tayside, and a further 7,500 exempt dwellings.

Scope of the Audit

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

Objectives of the Audit

The specific objectives of the review were 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 and appropriate notices are issued to taxpayers;
- 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.

1. Management Summary

Audit Approach

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

Action Plan

This report sets out detailed improvement actions, which we consider necessary to ensure efficient delivery of each objective and these are discussed within the text for clarity. An action plan for implementation of these recommendations can be found at Section 2 of this report.

To aid the use of the action plan, our recommendations have been graded to denote the level of importance that should be given to each one. These gradings are as follows:

- A Issues which require the consideration of the Joint Board.
- B Significant matters which can be resolved by the Assessor or Assistant Assessors.
- C Less significant matters, which do not require urgent attention but which should be followed up within a reasonable timescale.

Overall Conclusion

In relation to our specific objectives, assurance has been obtained that the internal controls in place are operating effectively which ensure that: the Valuation List is up to date and accurate; valuations, proposals and appeals are dealt with appropriately and timeously and appropriate notices are issued to taxpayers; and appropriate controls are in place over entries and amendments made to the Valuation List.

We did not identify any significant control weaknesses although some minor instances of non-compliance with the Board's internal controls were noted. We also identified some areas, mainly in relation to the efficient use of the Board's systems, where further improvements can be made.

Reasonable assurance was obtained that the Valuation List is an accurate, comprehensive and up-to-date record of all domestic properties in Tayside. Additions, deletions and alterations to the Valuation List are appropriately controlled and verified.

Proposals are logged on receipt and, from our sample testing, most were dealt with timeously with some minor delays in acknowledgements and notifications issued to proposers.

Generally there is an adequate level of segregation of duties between identification of changes in bandings and the input of amendments on the Valuation List.

The Valuation List is updated weekly with all changes to the Valuation List reported timeously to the Local Authorities thus ensuring that controls are in place to ensure that late amendments to the current List are picked up and reflected in the new List.

Adequate username and password controls are in place to ensure that only authorised staff can input amendments to the Board's systems and all new entries are checked independently and evidenced. Access controls are deemed sufficient to ensure that authorised staff change their passwords in line with pre-determined password policies and where staff leave their access is suspended.

1. Management Summary

Summary of Main Findings and Recommendations

It is the responsibility of the Board to put in place systems to ensure that the Valuation List is accurate and complete. Confirmation of the details to be input into the Board's computer systems should be provided on a 'CT1' card. Cards can be completed, signed and dated by professional or technical staff but must be authorised by the area valuer. Our sample of CT1 cards tested identified one instance where the CT1 card had not been fully completed with no details being recorded showing when and by whom the Valuation List had been altered and the banding notice had been checked for accuracy.

Of the 20 CT1 cards tested at the Forfar office, 12 were found to be incomplete with a number of fields noted as not having been completed in accordance with the Board's procedures, including; CT1 card not dated by the senior valuer (2); no record of the Valuation List or Banding Notice having been altered (1); 'Inspected' or 'Tech Data Input' fields not completed (4); no details to show when information was input into council tax system (1); no indicative value shown on the CT1 card (3); and rebanding reason and final band entered in the wrong boxes. Staff should be reminded of the importance of ensuring that CT1 cards are completed in accordance with the Board's procedures, including recording that the Valuation List has been altered and that the banding notice has been checked.

Of a sample of 60 cases tested we identified one domestic property which had previously been classified as a holiday let where no supporting documents were held in the electronic library system to support the banding or valuation. Staff should be reminded of the importance of ensuring that sufficient supporting file evidence is available to support decisions made regarding Council Tax valuations and bandings.

Our review included reviewing a sample of 60 Council Tax Interface Reports across the three offices to ensure that; the interface report and the banding history report had been checked to CT1 cards; the banding notices had been checked and approved; and that both the interface report and the banding report had been approved by the Assistant Assessor. We identified one instance where the interface report had not been signed by the Assistant Assessor and a further instance where the Banding History Report had not been signed and dated by a member of the clerical staff to show that the banding notices had been checked. Staff should be reminded of the importance of ensuring that Council Tax Interface and Banding History reports are signed and dated to confirm that checks have been completed in accordance with the Board's procedures.

We selected a random sample of 14 proposals from across all three offices and ensured that: the Board had issued an acknowledgment letter to the appellant within the statutory timeframe; a proposals header sheet had been produced; sufficient documents were available to support the proposal and any resulting amended valuation / banding; and that the final header sheet agreed with the final valuation / banding.

Our testing identified one instance where acknowledgement of a proposal was issued outside the required 14 day timeframe, having been issued 61 days after being received. Staff should be reminded of the importance of adhering to the required timescales in relation to proposals set out within the Council Tax (Alteration of Lists and Appeals) (Scotland) Regulations 1993 and the Board's internal procedures.



1. Management Summary

Summary of Main Findings and Recommendations (continued)

There does not appear to be a standard layout for valuation reports. In Perth valuers produce a summary report for every property for inclusion in the electronic library which provides a brief background to the case and explanations and justifications as to how the valuation / banding was arrived at. Similar reports were not noted as being produced in Dundee or Forfar. However, we also noted that the format of the summary reports is not standardised appearing to vary in style and layout. Consideration should be given to developing the summary reports as produced in the Perth office to ensure that these are standardised and then implemented across all offices.

Acknowledgements

We would like to thank Board staff for the co-operation and assistance we received during the course of our review.



2. Action Plan

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
1.2	<i>Warrants System</i> R1 In conjunction with the IT team investigate ways of developing the warrants system to produce exception reports which list properties where no action has been taken or notes updated within a reasonable timescale as prescribed by management. Such reports should be reviewed periodically by senior managers to allow cases to be investigated or followed up where necessary.	C	While reports may already be obtained from the database as required, the production of regular reports will reinforce management's checking procedures.	Y	Assistant Assessor, Angus	September 2013
2.2	<i>Valuation List</i> R2 Staff should be reminded of the importance of ensuring that CT1 cards are completed in accordance with the Board's procedures, including recording that the Valuation List has been altered and that the banding notice has been checked.	B	Review of procedures, including revision of the CT1 document, is required to accord with current working practices.	Y	Assistant Assessor, Angus	June 2013
2.2	R3 Staff should be reminded of the importance of ensuring that sufficient supporting file evidence is available to support decisions made regarding Council Tax valuations and bandings.	B		Y	Assistant Assessor, Angus	March 2013



2. Action Plan

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
3.3	Council Tax Interface Report R4 Staff should be reminded of the importance of ensuring that Council Tax Interface and Banding History reports are signed and dated to confirm that checks have been completed in accordance with the Board's procedures.	C		Y	Assistant Assessor, Angus	March 2013
4.2	Proposals R5 Staff should be reminded of the importance of adhering to the required timescales in relation to proposals set out within the Council Tax (Alteration of Lists and Appeals) (Scotland) Regulations 1993 and the Board's internal procedures.	B		Y	Assistant Assessor, Angus	March 2013
5.1	Amendments / Deletions R6 Similar to our earlier recommendation R3 at 2.3, and to ensure that more efficient use is made of the Board's electronic library system, we recommend that evidence relating to deletions in particular is stored in the library so that information is held centrally and can be accessed by all authorised staff	C		Y	Assistant Assessor, Angus	June 2013



2. Action Plan

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
5.2	R7 In conjunction with the IT team consideration should be given to establishing an annual procedure whereby the Council Tax system generates a report which cross checks staff addresses to properties that have been amended in the year so as to highlight any staff whose addresses may have been amended. Where any instances are highlighted these should then be investigated to ensure that alterations are valid and that normal Board procedures have been followed including ensuring that the amendment to the property was authorised by a member of the management team who does not have an interest in the property and is not connected to the persons involved.	B		Y	Depute Assessor	April 2013
6.1	Electronic Library System R8 Consideration should be given to ensuring that summary reports, detailing sales evidence used, are produced for all properties for inclusion in the electronic library system which supports the final banding arrived at.	B	Most decisions on bands of new dwellings are routinely made by comparison with similar dwellings in the same locality. Valuers will tend to prepare more detailed reports for exceptional properties where the band is not so readily determined and retain these in the library. Consideration will be given to the practicalities of the recommendation.	Y	Assistant Assessors	June 2013



2. Action Plan

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
6.1	R9 Consideration should be given to developing the summary reports similar to those produced in the Perth office to ensure that these are standardised and then implemented across all offices. Consultation with IT staff may readily enable relevant information relative to all domestic properties to be populated and included in the electronic library.	B		Y	Assistant Assessors	June 2013
7.1	Monitoring Reports R10 Where manual adjustments are made in respect of property sales, properties should not be deleted from the "Complete and Outstanding" reports, and instead remain until the final sale information has been received by the Board, thereby allowing the Assistant Assessor to obtain a clearer understanding of action taken.	B		Y	Assistant Assessor, Angus	March 2013

3. Main Report

1. Warrants System

1.1 The primary source of information relating to new, altered and demolished properties is obtained from planning permission, warrant registers and completion certificates as provided by each of the regions constituent local authorities. Information obtained is then recorded in the Board's warrants system and scrutinised by senior valuers in order to identify properties which may require a valuation or banding assessment to be carried out.

1.2 *Observation*

As detailed in the Board's Council Tax Valuation List *General Outline of Procedures* senior managers are responsible for scrutinising the warrants database at least four times a year to ensure that staff are updating the system to allow performance targets to be met. Through discussions with staff we confirmed that this check is being conducted however this is done on screen through interrogation of the warrants system on an ad hoc basis.

Risk

No evidence is retained that checks of the warrants system have been conducted, as required by the Board's internal procedures.

Recommendation

R1 In conjunction with the IT team investigate ways of developing the warrants system to produce exception reports which list properties where no action has been taken or notes updated within a reasonable timescale as prescribed by management. Such reports should be reviewed periodically by senior managers to allow cases to be investigated or followed up where necessary.

Benefit

Records are produced of checks carried out on the warrants system.

2. Valuation List

2.1 Although the local authority is responsible for allocating addresses to properties it is the responsibility of the Board to put in place systems to ensure that details of all properties in the region are captured and recorded in the Board's own systems to ensure that the Valuation List is accurate and complete. Full technical details of the property should be recorded in the Board's electronic library facility with details of the required evidence contained in the Board's internal procedures.

2.2 *Observations*

Confirmation of the details to be input into the Board's computer systems should be provided on a 'CT1' card. Cards can be completed, signed and dated by professional or technical staff but must be authorised by the area valuer. Our testing included selecting a random sample of 60 CT1 cards across each of the three offices, ensuring that sufficient documentation existed on the subject files to support the valuations and bandings arrived at.

Our sample of 20 CT1 cards tested in the Dundee office identified one instance where the CT1 card had not been fully completed with no details being recorded showing when and by whom the Valuation List had been altered and the banding notice had been checked for accuracy. Further testing confirmed that the amendments noted on the CT1 card had been included on the Council Tax Interface Report to show that the Valuation List had been correctly updated.

3. Main Report

2. Valuation List (continued)

2.2 (continued)

Of the 20 CT1 cards tested at the Forfar office, 12 were found to be incomplete with a number of fields noted as not having been completed in accordance with the Board's procedures, including; CT1 card not dated by the senior valuer (2); no record of the Valuation List or Banding Notice having been altered (1); 'Inspected' or 'Tech Data Input' fields not completed (4); no details to show when information was input into council tax system (1); no indicative value shown on the CT1 card (3); and rebanding reason and final band entered in the wrong boxes.

In all but one of the 60 cases tested we were able to confirm that appropriate file evidence existed. Testing in Perth identified one domestic property which had previously been classified as a holiday let where no supporting documents were held in the electronic library system to support the banding or valuation.

Risks

CT1 cards are not being completed in line with the Board's procedures.

Supporting documents do not exist to support the valuation and banding assessment applied to a property.

Recommendations

R2 Staff should be reminded of the importance of ensuring that CT1 cards are completed in accordance with the Board's procedures, including recording that the Valuation List has been altered and that the banding notice has been checked.

R3 Staff should be reminded of the importance of ensuring that sufficient supporting file evidence is available to support decisions made regarding Council Tax valuations and bandings.

Benefits

CT1 cards are completed in line with the Board's procedures.

Evidence is available which supports decisions made regarding Council Tax valuations and bandings.

3. Council Tax Interface Report

3.1 A report detailing all new entries and changes made to council tax records in the preceding week is produced on a weekly basis. The Board's internal procedures outline the controls in place to ensure the accuracy of the updates to the Valuation List which includes; checking the items listed to the source documents used for implementing the changes such as CT1 cards and checking items listed against a 'Banding History Report' which is also produced weekly showing the changes to bands processed in the previous week. Once checked and authorised, the interface report is passed to the finance department of the local authority.

3. Main Report

3. Council Tax Interface Report (continued)

3.2 Our review of Non-Domestic Rates in 2011/12 highlighted that in Perth, one Senior Valuer is assigned each week along with a member of clerical staff to check all properties on the Roll of Change (RoC) thereby reducing the risk of self-review which occurs in the Dundee and Forfar offices. A recommendation was then raised that in order to reduce the risk of self-review of changes being applied to the RoC and to strengthen controls already in place, consideration should be given to implementing the system of checking of the RoC which is in place at the Perth office across all offices. This recommendation was agreed by management. Testing during this review noted that this control has also been implemented in the Perth and Dundee offices as part of the controls put in place to verify the accuracy of the Valuation List.

3.3 Observations

Our review included reviewing a sample of 60 Council Tax Interface Reports across the three offices to ensure that; the interface report and the banding history report had been checked to CT1 cards; the banding notices had been checked and approved; and that both the interface report and the banding report had been approved by the Assistant Assessor.

Testing at all three offices confirmed that changes on the interface and banding reports had been agreed to CT1 cards and supporting documents. In the Dundee office we identified one instance where the interface report had not been signed by the Assistant Assessor. In the Perth office we identified one instance where the Banding History Report had not been signed and dated by a member of the clerical staff to show that the banding notices had been checked.

Risk

Without adequate independent checking of entries on the weekly Council Tax Interface and Banding History reports errors may arise and go undetected.

Recommendation

R4 Staff should be reminded of the importance of ensuring that Council Tax Interface and Banding History reports are signed and dated to confirm that checks have been completed in accordance with the Board's procedures.

Benefit

Evidence is obtained that checks on Council Tax Interface and Banding History reports are completed in line with the Board's procedures.

3.4 Of the 60 Council Tax Interface Reports tested we confirmed that in all cases changes to the Valuation List were reported timeously to the Local Authorities and appropriate notices were issued to taxpayers.

4. Proposals

4.1 The Board's procedures state that Council Tax proposals received are to be acknowledged within 14 days in accordance with regulation 7 of *The Council Tax (Alteration of Lists and Appeals) (Scotland) Regulations 1993*. Where the proposal is considered invalid, the proposer should be notified within six weeks of receipt of the proposal with the Board notifying the proposer of the reasons for the proposal being considered invalid.

3. Main Report

4. *Proposals (continued)*

4.2 Observations

We selected a random sample of 14 proposals from across all three offices and ensured that: the Board had issued an acknowledgment letter to the appellant within the statutory timeframe; a proposals header sheet had been produced; sufficient documents were available to support the proposal and any resulting amended valuation / banding; and that the final header sheet agreed with the final valuation / banding.

Testing performed at the Forfar office identified one case where acknowledgement of a proposal was outside the required 14 day timeframe, having been issued 61 days after being received.

Risk

Failure to adhere to timescales may result in the Board failing to meet the requirements of the Council Tax (Alteration of Lists and Appeals) (Scotland) Regulations 1993.

Recommendation

R5 Staff should be reminded of the importance of adhering to the required timescales in relation to proposals set out within the Council Tax (Alteration of Lists and Appeals) (Scotland) Regulations 1993 and the Board's internal procedures.

Benefit

The Board will comply with the Council Tax (Alteration of Lists and Appeals) (Scotland) Regulations 1993 whilst at the same time maintaining a good standard of service to tax payers.

- 4.3 Our testing also included selecting a random sample of two appeals to ensure that: the appeal was lodged and recorded within the four week statutory timeframe; the Board had issued an acknowledgment letter to the appellant; an appeals header sheet had been produced; sufficient documents were available to support the appeal and any resulting amended valuation / banding; and that the final header sheet agreed with the final valuation / banding. No exceptions were noted.

5. *Amendments / Deletions*

5.1 *Observation*

Our sample testing included ensuring any changes; new entries and amendments to properties on the Valuation List were properly authorised and approved by suitably qualified professional and technical staff. In all cases tested we found that they were. We also ensured that any amendments or deletions of properties on the Valuation List contained sufficient and appropriate supporting documents. Our testing in Forfar included several deletions where the supporting documents were not available.

Risk

Audit trail may be incomplete if evidence to support deletion of properties is not available in the electronic library system which may make it difficult for a reviewer to verify the accuracy of property status.

3. Main Report

5. Amendments / Deletions (continued)

5.1 (continued)

Recommendation

R6 Similar to our earlier recommendation **R3** at 2.3, and to ensure that more efficient use is made of the Board's electronic library system, we recommend that evidence relating to deletions in particular is stored in the library so that information is held centrally and can be accessed by all authorised staff.

Benefit

Improved audit trail with good practice and a consistent approach adopted across all offices.

5.2 *Observation*

Discussions with staff and review of documentation noted that there is no formal requirement for staff to complete a return listing any properties in which members of staff may have a personal interest. However, as detailed in the *General Outline of Procedures*, employees have been advised by management not to make alterations to any domestic properties in which they have a personal interest. The risk of this occurring is reduced slightly through the checking of the changes in the Council Tax Interface Report which details alterations which have been made to the Valuation List.

Recommendations in this area have been raised in previous internal audit reviews but to date have not been implemented. We recognise the difficulties that exist in establishing a complete database of properties that members of staff, or their families, have an interest in, however management may again wish to consider the recommendation below.

Risk

Properties in which members of staff have a personal interest may be inappropriately valued or re-banded.

Recommendation

R7 In conjunction with the IT team consideration should be given to establishing an annual procedure whereby the Council Tax system generates a report which cross checks staff addresses to properties that have been amended in the year so as to highlight any staff whose addresses may have been amended. Where any instances are highlighted these should then be investigated to ensure that alterations are valid and that normal Board procedures have been followed including ensuring that the amendment to the property was authorised by a member of the management team who does not have an interest in the property and is not connected to the persons involved.

Benefit

Further assurance will be obtained that property valuations / bandings are appropriate for properties in which members of staff have a personal interest.

3. Main Report

6. *Electronic Library System*

6.1 *Observation*

During our review of documents held on the Board's electronic library system we noted that across the three offices there does not appear to be a standard layout for valuation reports completed by the valuers. In Perth valuers produce a summary report for every property for inclusion in the electronic library which provides a brief background to the case and explanations and justifications as to how the valuation / banding was arrived at. These summary reports also include screen shots from the technical system which shows how the valuation was calculated. Similar reports were not noted as being produced in Dundee or Forfar. However, testing in Perth also noted that the format of the summary reports is not standardised appearing to vary in style and layout depending on which valuer completed the report.

Risk

Audit trail is incomplete as no formal conclusion reached by the valuer stating the final valuation / banding, which correlates to evidence in other parts of the subject file.

Recommendation

R8 Consideration should be given to ensuring that summary reports, detailing sales evidence used, are produced for all properties for inclusion in the electronic library system which supports the final banding arrived at.

R9 Consideration should be given to developing the summary reports similar to those produced in the Perth office to ensure that these are standardised and then implemented across all offices. Consultation with IT staff may readily enable relevant information relative to all domestic properties to be populated and included in the electronic library.

Benefit

Good practice and a consistent approach will be adopted across all offices.

7. *Monitoring Reports*

7.1 On a sale of a property being complete, any previous warrants against the property are automatically recognised and a "Complete and Outstanding" report is produced which alerts the valuer to the possibility of a banding change. A valuer is then required to assess the warrants over the period and conclude whether or not these have any effect on the property valuation or banding. When this has been actioned, the outcome is uploaded on to the Management report for the Assistant Assessor to review and sign off.

Observation

We tested 15 'Complete and Outstanding' reports and subsequent Management reports to ensure that these were being completed on a weekly basis, reviewed and any necessary action being taken in relation to the information being produced. For one report reviewed in the Forfar office we identified a property which was included on a "Complete and Outstanding" list that did not show up on the Management Report. When we investigated we found that the entry had been manually input and subsequently deleted, in order that the property could be added to the Valuation List. Explanations provided to us determined delays in the property sales process may hold up the collection of back payment of council tax monies. In order to expedite the collection of council tax, valuers manually add and remove items from the "Complete and Outstanding" report thus enabling the Valuation List to be amended. When the property sale has been finalised it once again appears on the "Complete and Outstanding" list, where the action will then be completed by the valuer and reviewed by the Assistant Assessor.



3. Main Report

7. *Monitoring Reports*

7.1 (continued)

Risk

Manual adjustments to the “Complete and Outstanding” reports prevent properties being included on Management reports and unauthorised amendments to the Valuation List may occur.

Recommendation

R10 Where manual adjustments are made in respect of property sales, properties should not be deleted from the “Complete and Outstanding” reports, and instead remain until the final sale information has been received by the Board, thereby allowing the Assistant Assessor to obtain a clearer understanding of action taken.

Benefit

Management reports are complete, thereby allowing the Assistant Assessor to obtain a clearer understanding of action taken.



HENDERSON LOGGIE
Chartered Accountants

Tayside Valuation Joint Board

**Budget Setting and Budgetary Control
2012/13**

Internal Audit Report No: 2013/05

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1. Management Summary

Introduction

As part of the Internal Audit programme at Tayside Valuation Joint Board ('the Board',) for 2012/13, we carried out a review of the budget setting and budgetary control processes in place. Our Audit Needs Assessment identified these as areas 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.

The Board's budgeted revenue income for 2012/13 totals £3,271,994; £2,848,991 valuation requisition apportionment; £391,403 registration recharge; £27,000 additional electoral registration duties recharge; £2,000 sale of electoral registration officer; £2,000 interest on revenue balances; £300 telephone calls; £200 sale of valuation roll / council tax list; and £100 survey fees. Budgeted expenditure for 2012/13 amounts to £3,271,994; £2,523,994 staff costs; £343,900 property costs; £309,600 supplies and services costs; £64,500 transport costs; and £30,000 valuation appeal committee costs. The revenue monitoring report issued to the Joint Board at its meeting on the 28th January 2013 projects a budget underspend of £56,000 which, if incurred, will be returned to the constituent Councils.

In addition to approving the provisional revenue budget 2012/13 at its meeting on 30 January 2012 the Joint Board also approved the updated capital expenditure programme for the period 2012/13 to 2014/15. The programme highlighted an expenditure level of £27,000 per annum, to be funded by the constituent Councils. The updated capital expenditure programme issued to the Joint Board at its meeting on the 28th January 2013 projected that the planned expenditure for 2012/13 would be incurred; whilst expenditure for 2013/13 to 2015/16 would decrease to £23,000 per annum.

The Board has a service level agreement with Dundee City Council (DCC) for a number of financial services, including budgetary control. The agreed service includes assistance with the preparation of annual revenue / capital budgets; the regular monitoring of revenue expenditure and preparation of budgetary control statements; and the monthly monitoring of capital expenditure and preparation of capital monitoring statements.

Scope of the Audit

This review covered the processes and controls in place for budget setting and budgetary control within the Board.

Objectives of the Audit

The objectives of the audit were to ensure that:

- budgets are set and approved in accordance with the Financial Regulations;
- budgets are controlled and monitored in accordance with the Financial Regulations;
- budget information is available to management which is up-to-date and in a format that can be easily understood;
- budget holders have the necessary skills for managing budgets;
- budget variations are reported and acted upon; and
- Senior Management and the Joint Board regularly review the overall financial position.

1. Management Summary

Audit Approach

We assessed whether the above objectives are being met by documenting the systems and controls through discussions with the Administration Manager, Assessor, Depute Assessor and Assistant Assessor at the Dundee office and by review of the Financial Regulations. We reviewed the information provided to the Administration Manager, Senior Management and the Joint Board. We also established whether the expected key controls are in place by reference to standard control risk assessment templates and completion of a budgetary control assessment 'pro-forma'.

Finally, we performed compliance testing where necessary to determine whether these controls are working effectively.

Action Plan

No issues have been identified from our review that required a recommendation for improvement to be made.

Overall Conclusion

On the basis of the work done, we obtained reasonable assurance that:

- budgets are set and approved in accordance with the Financial Regulations;
- budgets are controlled and monitored in accordance with the Financial Regulations;
- budget information is available to management in a format that can be easily understood;
- budget holders have the necessary skills for managing budgets;
- budget variations are reported and acted upon; and
- Senior Management and the Joint Board regularly review the overall financial position.

Summary of Main Findings and Recommendations

Our Budgetary Control Internal Audit Report 2006/02, issued in June 2006, highlighted that two recommendations, relating to budgetary control, which were raised within our Purchasing / Procurement Internal Audit Report 2005/2, issued in April 2005, remained outstanding. The first recommendation was that staff within the Administration Section should receive training on the reporting facilities available within the finance system (Powersolve). This recommendation was raised as staff within the Administration Section, who had not received Powersolve training, were found to be maintaining computer spreadsheets for each ledger code / budget head which recorded the invoices processed for payment; however as this information was available within Powersolve it was considered unnecessary to record such information within spreadsheets. The IT Section was also found to be maintaining a database of IT expenditure, when a breakdown of this expenditure was available within Powersolve. Our current review found that training on the reporting facilities available within the new finance system (CIVICA Financials) had been given; however the above spreadsheets and IT database are still in place at the Board. The Administration Manager advised that the finance system automatically logs users out after a certain period of time and that it is a timely process having to log in to the system each time information on invoiced spend is required; as a result it is deemed practical to continue to maintain the computer spreadsheets. This has been accepted and no further recommendation has been raised within this report.

The second recommendation was that the computer spreadsheets noted above should only record the purchase orders (POs) raised against each budget head to supplement the information available within Powersolve. Our review confirmed that POs were now recorded within these spreadsheets, allowing committed spend to be identified.

1. Management Summary

Summary of Main Findings and Recommendations (Continued)

Monthly management (130) reports include budget figures for the full year; however no monthly profiling has been performed in order to establish the projected spend / income over the year for incorporation into the management (130) reports. Our Budgetary Control Internal Audit Report 2006/02 recommended that consideration be given to providing a monthly profile of projected spend / income for incorporation into the monthly management reports; however this recommendation was not accepted on the basis that income is minimal outwith Headquarters and that authorisation levels for spend are low, with all spend being authorised by either the Assessor or Administration Manager. On this basis, no further recommendation has been raised within our report. Our review did however confirm that invoices are now authorised for payment by the Administration Manager or one of the Administrative Assistants.

Although the Assessor, Administration Manager, Depute Assessor and Assistant Assessors have not received formal budget training whilst at the Board; discussions with the Depute Assessor and Assistant Assessor at the Dundee office highlighted that staff were confident that the Administration Manager could answer any budget queries they may have. The Assessor and Administration Manager also highlighted during our review that budgetary support was available from the accountant at DCC and the Treasurer, if required.

Acknowledgements

We would like to take this opportunity to thank all staff at the Board for the co-operation and assistance we received during the course of our review.

2. Main Report

1. *Financial Regulations*

1.1 **Revenue Budget**

- 1.1.1 In accordance with section 2.2 of the Financial Regulations *'The Assessor shall prepare estimates of income and expenditure on revenue accounts covering the specified period and shall provide the Treasurer with all necessary information regarding requirements on a timeous basis'*. Section 2.4 states: *'The Treasurer shall review the Revenue Budget and submit a report to the General Purposes Sub-Committee which shall consider and remit it to the Board for detailed consideration'*.

1.2 **Capital Expenditure**

- 1.2.1 In line with section 3.1 of the Financial Regulations *'The Treasurer shall submit a report to the Board which will detail the Board's proposed capital programme and how it is to be financed'*.

1.3 **Expenditure Monitoring**

- 1.3.1 Section 4 of the Financial Regulations sets out the delegated responsibilities for budget monitoring. *'The primary responsibility for detailed monitoring and control of the Board's revenue and capital expenditure lies with the Assessor'*. *'The Treasurer shall report periodically within an agreed timetable, to the Board on its actual and projected expenditure for each financial year'*.

1.3 **Procedures in Place**

- 1.3.1 The Administration Manager, in consultation with Senior Management, drafts the proposed revenue budget for the forthcoming financial year in November. During this time the Administration Manager, in consultation with the Assessor and IT Manager, also drafts the capital expenditure programme for the following three financial years. The revenue budget and capital expenditure programme are discussed and agreed with the Board's accountant at DCC and the Treasurer, in December each year, prior to being submitted to the Joint Board in January for formal approval.
- 1.3.2 The Administration Manager and Senior Management receive monthly management (130) reports, which highlight the actual revenue and capital expenditure incurred to date. In addition, the Joint Board receive regular revenue monitoring reports throughout the year. Refer to section 2 below for further details.

2. *Information Available to Budget Holders*

2.1 **Good Practice Prompts**

- 2.1.1 *'Each budget holder should receive regular monitoring reports (probably using a monthly or 4-weekly reporting period) showing:*
- *Committed expenditure and, where relevant, income to date;*
 - *Variance against projected spend / income to date using, where appropriate, budget profiling; and*
 - *Projected outturn (expected and, where relevant, income).'*

2. Main Report

2. Information Available to Budget Holders (Continued)

2.1 Good Practice Prompts

2.1.2 *Budget monitoring reports should be available:*

- *In a form that is 'user friendly' and*
- *Within a time period that allows effective corrective action to be taken where necessary (e.g. within 3 weeks of the end of the month).'*

2.1.3 *'Reports should automatically highlight major variances (both under and over spends) to direct budget holder's attention to where action may be required.'*

2.2 Procedures in Place

2.2.1 The Assessor is the budget holder for the entire Board. Both the Assessor and Administration Manager receive monthly management (130) reports, from DCC, which highlight for each budget head the monthly and cumulative actual spend; full year budget; balance available; and percentage spent. These reports contain columns for recording month and cumulative committed spend; however such columns are not utilised as the Board does not process purchase orders (POs) through the finance system. Our Budgetary Control Internal Audit Report 2006/02, issued in June 2006, stated that the use of the PO processing facility within the finance system had been considered but not thought necessary for the Board's circumstances.

2.2.2 Our Budgetary Control Internal Audit Report 2006/02 also highlighted that two recommendations, relating to budgetary control, which were raised within our Purchasing / Procurement Internal Audit Report 2005/02, issued in April 2006, remained outstanding. The first recommendation was that staff within the Administration Section should receive training on the reporting facilities available within the finance system (Powersolve). The recommendation was raised as staff within the Administration Section, who had not received Powersolve training, were found to be maintaining computer spreadsheets for each ledger code which recorded the invoices processed for payment; however this information was available within Powersolve and therefore it was considered unnecessary to record this information within spreadsheets. The IT Section were also found to be maintaining a database of IT expenditure, when a breakdown of this expenditure was available within Powersolve. The second recommendation was that the computer spreadsheets maintained by the Administration Section should only record the POs raised against each budget head to supplement the information available within Powersolve.

2.2.3 During our review we followed-up the outstanding recommendations referred to above. We found that Powersolve had been replaced by a new finance system (CIVICA Financials) and training on the reporting facilities within this system had been provided. Although information on invoiced spend is available within the system our review highlighted that the Administration Manager continues to maintain computer spreadsheets for budget heads / ledger codes, which record the invoices processed for payment. Furthermore, the IT Section continues to maintain a database of IT expenditure. The Administration Manager advised that the finance system automatically logs users out after a certain period of time and that it is a timely process having to log in to the system each time information on invoiced spend is required; as a result it is deemed practical to continue to maintain the computer spreadsheets. Our review confirmed that the spreadsheets maintained by the Administration Manager now records all POs raised, allowing committed spend to be identified.

2. Main Report

2. *Information Available to Budget Holders (Continued)*

2.2 Procedures in Place

- 2.2.4 Whilst the monthly management (130) reports include budget figures for the year, they do not include projected spend / income to date. Our Budgetary Control Internal Audit Report 2006/02, recommended that consideration was given to providing a monthly profile of projected spend / income over the year for incorporation into the monthly management reports; however this recommendation was not accepted on the basis that income is minimal outwith Headquarters and that authorisation levels for spend are low, with all spend being authorised by either the Assessor or Administration Manager. On this basis, no further recommendation has been raised within this report. Our review did however confirm that invoices are now authorised for payment by the Administration Manager or one of the Administrative Assistants.
- 2.2.5 Projected outturn figures are not calculated for inclusion within the monthly management (130) reports; however they are included within the revenue monitoring reports issued to the Joint Board, which is considered adequate for the Board's circumstances.
- 2.2.6 Monthly management (130) reports are distributed, by the Administration Manager, to the Depute Assessor and Assistant Assessors to inform them of the Board's performance. Discussions with the Assessor, Administration Manager, Depute Assessor and Assistant Assessor at the Dundee office confirmed that the reports received were considered to be user-friendly. Although management (120) reports are available from DCC, which show the information contained within the management (130) reports broken down by division, such detailed reports were not considered necessary by the staff interviewed. Our review found that the monthly management (130) reports were received from DCC within two weeks of the month end and distributed promptly to Senior Management.
- 2.2.7 Revenue monitoring reports are issued to the August, November and January Joint Board meetings. These reports highlight the final revenue budget; actual and committed spend; projected outturn; and projected variances and the reasons for these. Discussion with the Board's accountant at DCC confirmed that although the monitoring reports contain a column headed 'actual & committed' spend it is in fact only actual spend, which is normally recorded. However prior to issuing the revenue monitoring reports to the Joint Board the accountant e-mails the Administration Manager to discuss the projected outturn position. Any significant commitments, likely to give rise to an overspend, would be discussed at this point and included within the monitoring reports. A revenue monitoring report is not issued to the June Board meeting; however a report is submitted from the Treasurer, accompanying the unaudited statement of accounts, which comments upon the main budget variances. Budget variances are also highlighted, in detail, within the unaudited statement of accounts.
- 2.2.8 Capital monitoring reports are not issued to the Joint Board throughout the year; however a capital expenditure programme which highlights the projected spend for the current and forthcoming three financial years is submitted to each January Board meeting.

3. *Budget Holder Skills and Support*

3.1 Good Practice Prompt

- 3.1.1 *'Budget holders have the necessary skills for managing budgets. Support should be given by way of training and manuals for budget holders with a non-financial background.'*

2. Main Report

3. *Budget Holder Skills and Support (Continued)*

3.2 Procedures in Place

- 3.2.1 Our review found that the Assessor, Administration Manager, Depute Assessor and Assistant Assessors have not received formal budget training whilst at the Board; however these staff members appear to have the necessary skills to review the management (130) reports. During our review the Depute Assessor and Assistant Assessor at the Dundee office highlighted that any queries which they may have in relation to the management (130) reports could be answered by the Administration Manager, who is in regular contact with the Board's accountant at DCC. Feedback on the budgetary support provided by the Treasurer and accountant at DCC to the Assessor and Administration Manager was very positive.

4. *Budget Variations are Reported and Acted Upon*

4.1 Good Practice Prompt

- 4.1.1 *'Each budget holder is clear about what action should be taken in the event of over / under spends.'*
- 4.1.2 *'Where appropriate action is not taken on major variances, the matter is automatically brought to the attention of the budget holder's line manager.'*
- 4.1.3 *'At functional level, the relevant Senior Management team reviews the financial position at least each reporting period.'*

4.2 Procedures in Place

- 4.2.1 Sections 4.2 and 4.3 of the Financial Regulations state that *'Revenue and Capital expenditure shall be restricted to that included in the appropriate Budget, unless proposals for additional expenditure have been approved by the Board'. 'The Assessor is authorised, in emergency situations, subject to advising the Convenor, consulting with the Treasurer and reporting to the Board as soon as possible thereafter, to take such measures as may be required on any item for which Board approval would normally be required. The projected financial impact of any such decision shall be reported to the Board, along with any possible compensatory budgetary savings'*. Staff interviewed during our review were fully aware that budget underspends were to be returned to the constituent Councils.
- 4.2.2 As noted at paragraph 2.2.7 above, regular revenue monitoring reports are issued to the Joint Board which highlight projected under / over spends and the reasons for these.
- 4.2.3 Monthly management (130) reports are issued to the Assessor, Depute Assessor and Assistant Assessors. The Assessor also receives copies of the revenue monitoring reports before they are submitted to the Joint Board. The Board's budget position, reported within the revenue monitoring reports, is discussed at the Senior Management team meetings, which are attended by the Assessor, Depute Assessor, Assistant Assessors and Principal Valuer.



2. Main Report

5. *Senior Management / Joint Board Review of the Overall Financial Position*

5.1 Good Practice Prompt

5.1.1 *'The corporate management team reviews the organisation's overall financial position at least each reporting period.'*

5.2 Procedures in Place

5.2.1 The Joint Board and Senior Management team regularly review the Board's budget position; refer to paragraphs 2.2.7 and 4.2.3 above for further details.



HENDERSON LOGGIE
Chartered Accountants

Tayside Valuation Joint Board

**Electoral Register
2012/13**

Internal Audit Report No: 2013~06

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1. Management Summary

Introduction and Background

As part of our Internal Audit Programme at Tayside Valuation Joint Board ('the Board') for 2012/13 we carried out a review of the controls and procedures surrounding the Registers of Electors published for Angus and Perth & Kinross Council. Our Audit Needs Assessment, issued in March 2011, identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Board and Assessor that the control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The Board provides Electoral Registration services to Angus Council and Perth & Kinross Council. Such services include maintaining the Register of Electors, which is published on or shortly before 1st December each year or by 1st of February if an election takes place during the canvass. The Register of Electors is updated monthly with the exception of September to November, when the new Register is being prepared.

There is a Full version and Edited version of the Register. Everyone eligible to vote will appear on the Full version of the Register; however individuals can choose to have their details removed from the Edited version, which is available for general sale and can be used for commercial activities, such as marketing.

Scope of the Audit

This audit reviewed 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.

Objectives of the Audit

The objectives of this review were to gain 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;
- following the annual canvass procedures checks are in place for recording all confirmations received, including those by telephone SMS text messaging 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 Edited Register are excluded;
- 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 Full and Edited versions of the Registers is accurate;
- adequate controls are in place to ensure that requests for information from external parties is 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.

1. Management Summary

Audit Approach

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

Action Plan

This report sets out one improvement action, which we consider necessary to ensure efficient delivery of each objective and this is discussed within the text for clarity. An action plan for the implementation of the recommendation can be found at Section 2 of this report.

To aid the use of the action plan, our recommendations are graded to denote the level of importance that should be given to each one. These gradings are as follows:

- A Fundamental issues which require the consideration of the Board
- B Significant matters which the Assessor can resolve
- C Less significant matters, which do not require urgent attention but which should be followed up within a reasonable timescale.

Overall Conclusion

On the basis of the work done, reasonable assurance has been obtained 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;
- following the annual canvass procedures checks are in place for recording all confirmations received, including those by telephone SMS text messaging 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 Edited Register are excluded;
- 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 Full and Edited versions of the Registers is accurate;
- adequate controls are in place to ensure that requests for information from external parties is 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.

1. Management Summary

Summary of Main Findings and Recommendations

Council Tax 1 (CT1) cards and the Land Register are used to ensure all relevant households in the Angus and Perth & Kinross Council areas are on the Register of Electors. When adding a new property within the computerised Electoral system (EROS) clerical staff ensure that the 'canvass form required' section within the system is marked yes. This process ensures that an electoral registration form is automatically generated for the household during the canvass period. When adding properties with more than eight tenants the 'canvass form required' section is marked no as manual high occupancy electoral registration forms are sent out to these properties. During the canvass period, *'properties marked not to receive a canvass form'* reports are run to identify the properties that are to be issued with a high occupancy electoral registration form. The reports are annotated to highlight when a form has been issued and returned.

Clerical staff at the Angus and Perth office sort returned electoral registration forms into batches; such batches include an 'opted out of Edited Register' batch, 'no changes' batch and 'changes' batch. As part of our audit we selected a sample of 13 batches from the Angus and Perth offices and in each instance found the batch had been signed off by the staff member(s) performing the initial check and processing and then signed off by another employee(s) as evidence of a secondary review.

As part of our audit we randomly selected a sample of five monthly alterations made to the Register of Electors held by the Angus and Perth office. Our testing highlighted that the Administration Assistant at the Angus office and the Senior Clerical Assistant check each notice letter issued to the elector, informing them of the changes that have been processed, to the supporting paperwork and monthly alteration notice. The monthly alteration notice, generated by EROS, is initialled and dated by the Administration Assistant to evidence that the alteration has been checked; however the Senior Clerical Assistant does not initial this document to evidence that a secondary review has been performed. We recommend that consideration is given to having the Senior Clerical Assistant initial and date each monthly alteration notice to evidence that a secondary review has been performed. Our testing at the Perth office proved satisfactory.

Whilst reviewing a sample of monthly alterations made to the Register of Electors we found one instance where an elector had been deleted from the Register upon receipt from a council that the elector had changed address. In this instance we found no record within EROS that a notice letter had been issued to the elector informing them of their deletion from the Register. Furthermore, whilst reviewing a sample of postal and proxy vote requests we found no record within EROS that an acknowledgement letter had been issued to these electors. During our audit the Administration Assistant at the Angus office contacted the system provider who confirmed that the letters were not recorded within EROS due to a system bug. The provider is investigating this matter further.

During our review we selected four 'opted out of Edited Register' batches of electoral registration forms and selected a form from each batch. In each instance we found the elector had been correctly excluded from the Edited Register of Electors.

The Administration Manager (Electoral Registration / Clerical) maintains a spreadsheet which records all requests for Full and Edited Registers of Electors, monthly alteration lists and lists of overseas electors. Our review found that information was being issued, and where appropriate fees charged, in accordance with the Representation of the People (Scotland) Regulations 2001.

Our review confirmed that access to EROS is appropriately restricted.

Acknowledgements

We would like to thank staff at the Board for the co-operation and assistance we received during the course of our review.



2. Action Plan

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer for Action	Agreed Completion Date
2.3	<p><i>Recording of Confirmations and Updating the Register of Electors</i></p> <p>R1 Consideration should be given to having the Senior Clerical Assistant at the Angus office initial and date each monthly alteration notice to evidence that all alterations have been checked and agreed.</p>	C		Yes	Assistant Assessor Angus Division	May 2013

3. Main Report

1. *Ensuring Relevant Households are on the Angus and Perth and Kinross Register of Electors and Included in the Annual Canvass*

- 1.1 The primary source of information relating to new, altered and demolished properties is obtained from planning permission, warrant registers and completion certificates provided by each of the region's constituent local authorities. Information obtained is recorded in the Board's warrants system and scrutinised by senior valuers in order to identify properties that require a valuation or banding assessment to be carried out. New, altered and demolished properties and their valuation and banding assessments are recorded on Council Tax 1 (CT1) cards, which clerical staff at the Angus and Perth office use to update the computerised Electoral system (EROS) on a weekly basis. The Administration Assistant at each office also reviews EROS, each week, to ensure that the system has been correctly updated for the information recorded on the CT1. In addition to CT1s, clerical staff at the Angus and Perth offices receive copies of the Land Register each month, which enables them to identify property sales and changes in property owners and update EROS accordingly. Our review found that CT1 cards and Land Registers were annotated to highlight that EROS had been updated for the information provided.
- 1.2 When a new property, with the exception of properties with greater than eight tenants, is added within EROS clerical staff ensure that the 'canvass form required' section within the system is marked yes. During the canvass period staff run a process within EROS which automatically generates an electoral registration form for all households that have the 'canvass form required' section marked yes. When adding properties to the system which are occupied by more than eight tenants, such as nursing homes and hotels, the 'canvass form required' section is marked no as manual high occupancy electoral registration forms are sent out to these properties. During the canvass period, *'properties marked not to receive a canvass form'* reports are run to identify the properties that are to be issued with a high occupancy electoral registration form. The reports are annotated to highlight when a form has been issued and returned.
- 1.3 As part of the 2012 electoral registration canvass procedures council tax records were obtained from Angus and Perth & Kinross Council in electronic format and compared against the electoral registration records within EROS to assist in the process of verifying electors.

2. *Recording of Confirmations and Updating the Register of Electors*

- 2.1 Canvass response codes have been established within EROS; for example N for no response, P for responded by post and T for responded by telephone. Prior to running the canvass the Administration Assistant at each office resets each household's response to N. On receipt of the returned electoral registration forms clerical staff group the forms into batches; such batches include an 'opted out of Edited Register' batch, 'no changes' batch and 'changes' batch. The batches are scanned into EROS with a response code of P. The barcode on each electoral registration form ensures the form is scanned against the correct property within EROS. As part of our audit we selected a sample of 13 batches from the Angus and Perth offices and sought assurance that each batch had been signed off by the staff member(s) performing the initial check and processing and then signed off by another employee(s) as evidence of a secondary review. Our testing proved satisfactory. For an electoral registration form within each batch we traced the details to EROS ensuring the form had been scanned against the correct property; the response code was correct; and the details contained within the form matched the information recorded within EROS. No issues were noted.

3. Main Report

2. Recording of Confirmations and Updating the Register of Electors (Continued)

2.2 Electors are given the opportunity to confirm their details via telephone, SMS text messaging or the Web. Although electors can request a postal vote or opt out of the Edited Register via telephone, SMS text messaging or the Web they cannot amend their details via these methods. Responses through these methods are captured by the HERA system. The Administration Assistant at each office receives an e-mail alert that there is a HERA download available; when the download is run it automatically updates EROS with a T for telephone response, M for text message response and W for Web response. If the individual has opted out of the Edited Register or requested a postal vote this will automatically be flagged up within EROS.

2.3 Observation

As part of our review we randomly selected a sample of five monthly alterations made to the Register of Electors held by the Angus and Perth office. In each instance we found that the '*Part D – Monthly alterations to the register*' procedures within the '*Manual Electoral Registration in Great Britain: Guidance for Electoral Registration Officers*' had been followed. Our testing found that clerical staff at the Perth office run a '*list of application for changes to the register*' report each week. This report is signed off by the staff member processing the change within EROS and another staff member who checks that the system has been updated correctly. Monthly alterations to the Register are processed by the Administration Assistant at the Angus office. The Administration Assistant sits with the Senior Clerical Assistant and together they check the notice letter issued to the elector, informing them of the changes that have been processed, to the supporting paperwork and monthly alteration notice. The monthly alteration notice, generated by EROS, is initialled and dated by the Administration Assistant to evidence that the alteration has been checked; however the Senior Clerical Assistant does not initial this document to evidence that a secondary review has been performed.

Risk

No evidence of a secondary review being performed.

Recommendation

R1 Consideration should be given to having the Senior Clerical Assistant at the Angus office initial and date each monthly alteration notice to evidence that all alterations have been checked and agreed.

Benefit

The secondary review of all monthly alterations to the Register of Electors is documented.

2.4 Electors are sent a notice letter informing them of any alterations to the Register of Electors which relate to them. For the five monthly alterations reviewed during our audit we identified three instances where there was no record within EROS that a notice letter had been issued to the elector. In two instances the elector had died and therefore no letter had been issued; however in one instance an elector had been deleted from the Angus Register of Electors upon receipt from a council that the elector had changed address. We were advised by the Administration Assistant that a notice letter had been issued to this elector and that EROS should have automatically recorded that the letter had been sent. The Administration Assistant contacted the system provider who confirmed there was a bug in the system which meant the letter had not been recorded. The system provider is looking into this matter.

3. Main Report

3. Exclusion from the Edited Register

- 3.1 As part of our review we randomly selected four 'opted out of Edited Register' batches of electoral registration forms and selected a form from each batch. In each instance we found that the 'opt-out of Edited Register' section of the form had been ticked. Two electoral registration forms were chosen from the Perth office and two from the Angus office. A review of the Edited Registers of Electors for Perth and Angus confirmed that the electors within our sample had been correctly excluded from the Registers.

4. Postal and Proxy Votes

- 4.1 As part of our audit we randomly selected three electoral registration forms, requesting a postal vote, from the 13 batches tested during our review. In each instance we found a postal vote application form had been issued to the elector and the elector had been flagged as an absent vote within EROS. During our audit we also selected two proxy vote requests and confirmed in each instance that a proxy vote application form had been issued and the elector had been flagged as a proxy vote within EROS. The Administration Assistant at the Perth and Angus office advised that an acknowledgement letter is issued to electors requesting a postal or proxy vote; however for those requesting a postal or proxy vote within our sample we found no record within EROS that an acknowledgement letter had been issued. The Administration Assistant at the Angus office contacted the system provider during our audit and the provider confirmed that a bug within the system meant that acknowledgment letters were not currently being recorded within EROS. The system provider is investigating this further and therefore no recommendation has been raised within our report.

5. Requests for Information from External Parties

- 5.1 Full and Edited Registers of Electors, monthly alteration lists and a list of overseas electors are held in secure locations at the Angus and Perth offices and requests from external parties to obtain electronic or hardcopies of this information must be received in writing. Requests for information are generally submitted to the Angus and Perth offices, but on occasion are received by the Administration Manager (Electoral Registration / Clerical). The Administration Manager (Electoral Registration / Clerical) is notified of all requests and records these on a spreadsheet. The spreadsheet records the name of the organisation / individual who made the request and their contact details; the format in which the information is to be provided; the date information was requested and distributed; and invoice and payment details, where appropriate. Our review found that information was being issued, and where appropriate fees charged, in accordance with the Representation of the People (Scotland) Regulations 2001. All information sent out is password protected.

6. System Access

- 6.1 All staff have a unique user name and password, which enables them to log onto their desktop. In accordance with the Board's *'Security of Information Technology Systems Guidance to Staff'* the password must contain both alphabetic and numeric characters and be changed at least once every three months. At the Board, EROS can only be accessed through the desktops of clerical staff, the Depute Assessor, Assistant Assessors, Administration Manager (Electoral Registration/Clerical) and the IT Administrator who each have their own user name and password to access the system. Four user groups have been established within EROS, a Board user group for the Perth office; a Board user group for the Angus office; a Perth & Kinross Council user group; and an Angus Council user group. The access rights of all user groups are the same, with the exception that staff at Perth & Kinross Council and Angus Council can access staff details, which Board staff cannot. The IT Administrator at the Board is not part of a user group but has access to EROS in order to set user permissions.



3. Main Report

6. System Access (Continued)

- 6.2 Discussion with the IT Administrator highlighted that staff' access rights are not removed from EROS when an employee leaves the Board, as the system provider will not allow the access rights to be removed for audit trail purposes. However a '*staff leaver form IT notification*' is completed for each leaver and upon receipt of this form the IT Administrator removes the leaver from the server. Removal of the leaver from the server ensures that the leaver cannot log onto a desktop and therefore access EROS.



HENDERSON LOGGIE
Chartered Accountants

Tayside Valuation Joint Board

**Follow Up
2012/13**

Internal Audit Report No: 2013/07

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1. Management Summary

Introduction and Background

We have been appointed as Internal Auditors to Tayside Valuation Joint Board ('the Board') for the period 1 April 2010 to 31 March 2013. The Internal Audit Plan for 2012/2013 includes time for follow-up work on the recommendations made in our Internal Audit reports issued during 2011/2012. These were:

2012/02 – Procurement and Creditors / Purchasing;
2012/03 – IT Network Arrangements;
2012/04 – Risk Management and Business Continuity Planning;
2012/05 – Non Domestic Rates;

Reports 2012/01 and 2012/07, did not contain an action plan and therefore no follow-up was required as part of this review. There were seven outstanding actions from 2010/11 that were required to be followed up again this year. In one instance there had been no project to trigger the action.

Audit Scope and Objectives

The objective of our follow-up review was to assess whether recommendations made in our internal audit reports in 2011/12 have been appropriately implemented and to ensure that, where little or no progress has been made towards implementation, that plans are in place to progress them.

Audit Approach

The audit approach taken was as follows:

- 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
- preparation of a summary of the current status of the recommendations for the Audit Committee.

Overall Conclusion

The Board has made good progress in implementing the 43 recommendations contained within internal audit reports listed above with 36 recommendations, including all seven of the 2010/11 actions, being assessed as fully implemented.

The Risk Management and Business Continuity Planning action that has been considered but not implemented related to home working arrangements in the event of widespread sickness or a pandemic. This was given detailed consideration by management who have determined that the action was impractical to implement.

Of the remaining six recommendations:

- Two have been noted as 'no project to trigger action', as both related to Project Management.
- The four partially implemented actions in the Risk Management and Business Continuity Planning report will be implemented when the annual report to the Board is submitted in June 2013 and as soon as suitable project management and risk management training can be identified. These recommendations will be followed up again next year.



1. Management Summary

<i>From Original Reports</i>			<i>From Follow-Up Work Performed</i>			
Area	Recommendation Grades	Number Agreed	Fully Implemented	Partially Implemented	Considered but not Implemented	No Project To Trigger Action
Procurement and Creditors / Purchasing	Critical	-	-	-	-	-
	Significant	3	3	-	-	-
	Routine	3	3	-	-	-
IT Network Arrangements	Critical	-	-	-	-	-
	Significant	6	6	-	-	-
	Routine	-	-	-	-	-
Risk Management and Business Continuity Planning	Critical	1	1	-	-	-
	Significant	5	2	3	-	-
	Routine	13	10	1	1	1
Non Domestic Rates	Critical	-	-	-	-	-
	Significant	3	3	-	-	-
	Routine	2	2	-	-	-
From 2010/11						
Corporate Governance	Critical	-	-	-	-	-
	Significant	2	2	-	-	-
	Routine	-	-	-	-	-
Asset Management	Critical	-	-	-	-	-
	Significant	1	1	-	-	-
	Routine	2	2	-	-	-
System Development	Critical	-	-	-	-	-
	Significant	1	-	-	-	1
	Routine	1	1	-	-	-
Total		43	36	4	1	2

Acknowledgements

We would like to thank all staff at the Board who assisted us during our review.

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>Procurement and Creditors / Purchasing 2012~02</i></p> <p><i>1. Achieving Best Value</i></p> <p>R1 Good practice suggests that the Purchasing and Procurement procedures should be reviewed and updated on at least an annual basis, however given the size of the Board every two years or when a major change, such as the recent restructure, takes place would be sufficient.</p>	B		Y	Administration Manager	March 2012	<p>Purchasing and Procurement procedures have been reviewed since the restructure and will be reviewed and amended on an ongoing basis.</p> <p><i>Fully Implemented</i></p>
<p>R2 Consideration should be given to try to focus on the consistently lower priced suppliers and perhaps one other to ensure that best value is being obtained for IT purchases.</p>	C		Y	IT Administrator	March 2012 and ongoing	<p>Due to price fluctuation there has never been one consistently lower priced supplier therefore, in order to ensure best value, quotes have been obtained from more than the requested two suppliers. Every effort will continue to reduce the number of quotes obtained.</p> <p><i>Fully Implemented</i></p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>Procurement and Creditors / Purchasing 2012~02 (cont'd)</i></p> <p>R3 Reference should be made within the Procurement and Purchasing procedures where orders exceed £10,000 to refer to the Tendering Procedures.</p>	C		Y	Administration Manager	March 2012	Completed March 2012. <i>Fully Implemented</i>
<p>2. Compliance with Procedures</p> <p>R4 In accordance with the Financial Regulations staff should be reminded to document decisions as to why three quotes for goods/services are not being obtained or why the tendering process is not being followed.</p>	C		Y	Administration Manager	March 2012	This is now being carried out. <i>Fully Implemented</i>
<p>3. Risk of Unauthorised and Excessive Expenditure</p> <p>R5 Given the new Divisional structures the Purchasing and Procurement procedures should be reviewed to ensure that they are still relevant.</p>	B		Y	Administration Manager	March 2012	Procedures reviewed March 2012. <i>Fully Implemented</i>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>Procurement and Creditors / Purchasing 2012~02 (cont'd)</i></p> <p>R6 Budget Holders should evidence that they have contacted the Administration Manager to obtain and confirm budgetary information and substantiate that approval has been given. This could be by annotating the order or by following up with an email which could be printed and attached to the purchase order.</p>	B		Y	Administration Manager Budget Holders	March 2012	Operating in all Divisions. <i>Fully Implemented</i>
<p><i>IT Network Arrangements 2012-03</i></p> <p><i>Physical and Environmental Controls</i></p> <p>R1 The servers in the Dundee server room should be repositioned or some form of protection installed to minimise the risk of damage which may be caused by a leaking air-conditioning unit.</p>	B	Servers will be repositioned to ensure that there is no possibility of equipment being damaged	Y	IT Manager	31 May 2012	The servers have been repositioned away from the air conditioning unit wall. <i>Fully Implemented</i>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>IT Network Arrangements 2012-03 (cont'd)</i></p> <p>R2 As a minimum the Board should ensure that server rooms at each of the offices remain locked at all times. Further consideration should also be given to installing a suitable entry system for gaining access to the server rooms at Perth and Forfar which can be easily controlled. Options include code locks and electronic access cards. Whichever system is put into place, controls over access need to be implemented to handle staff changes and the monitoring of access.</p>	B		Y	IT Manager Assistant Assessors, Angus and Perth & Kinross	31 July 2012	<p>All server rooms now have code lock entry systems fitted.</p> <p><i>Fully Implemented</i></p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p>IT Network Arrangements 2012-03 (cont'd)</p> <p>Network Infrastructure</p> <p>R3 Draw up and disseminate an IT office manual which includes clear and concise policies and procedures on key areas covered by IT such as:</p> <ul style="list-style-type: none"> • a file management policy or procedure; • an IT security policy that covers file controls; • an access control policy; • a password management policy; • change control procedures including reviewing, approving, testing and implementing network upgrades and patches; • a firewall policy including configuration and settings; and • an up-to-date network map. <p>Note that this list is not exhaustive and that the IT Team should ensure that a comprehensive list of procedures is drawn up which reflects its activities.</p>	B		Y	IT Manager	31 October 2012	<p>Comprehensive documentation has been produced and disseminated.</p> <p>Fully Implemented</p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>IT Network Arrangements 2012-03 (cont'd)</i></p> <p>R4 The network schematic should be updated to include the:</p> <ul style="list-style-type: none"> • location of network routers and switches; • details of the number of workstations and their locations; • firewall server; and • communication links between servers and other hardware. 	B		Y	IT Manager	30 June 2012	<p>Network schematic has been updated as recommended.</p> <p><i>Fully Implemented</i></p>
<p><i>Logical Access</i></p> <p>R5 A log file record should be established to record events such as:</p> <ul style="list-style-type: none"> • Failed log-on attempts; • Failed file access attempts; • Account additions, changes and deletions; • Changes to system security configurations; and • Access to critical data files. <p>The IT Team should ensure that this record is regularly reviewed and appropriate action is taken.</p>	B		Y	IT Manager	31 July 2012	<p>An in-house application has been developed to log and monitor events.</p> <p><i>Fully Implemented</i></p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>IT Network Arrangements 2012-03 (cont'd)</i></p> <p><i>Acceptable Use Policy</i></p> <p>R6 The <i>Security of Information Technology Systems</i> guidance should be reviewed to ensure it properly reflects the Board's current IT operation, in particular its use of tablet devices. This should cover:</p> <ul style="list-style-type: none"> • Security of the devices; • Updating of any protection software in place; • Connection to third party networks; and • Data encryption. 	B		Y	IT Manager	31 May 2012	<p>Guidance document has been updated as appropriate and now covers the use of tablet services.</p> <p><i>Fully Implemented</i></p>
<p><i>Risk Management and Business Continuity Planning 2012-04</i></p> <p><i>Risk Management</i></p> <p>R1 Revise the Risk Management Strategy with a view updating and strengthening this.</p>	B		Yes	Chair of Governance Working Group	September 2012	<p>Document revised and updated.</p> <p><i>Fully Implemented</i></p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>Risk Management and Business Continuity Planning 2012-04 (cont'd)</i></p> <p>R2 Consider whether the risk register should be separate from the Business Continuity Plan.</p>	C		Yes	Chair of Governance Working Group	September 2012	Documentation reviewed. Risk Register and Business Continuity Plans are now separate documents. <i>Fully Implemented</i>
<p>R3 Create detailed risk registers for council tax and business rates as well as any major project the Board is undertaking.</p>	C		Yes	Chair of Governance Working Group	September 2012	Completed. <i>Fully Implemented</i>
<p>R4 Ensure that all risks are assigned to one person, or one person in each office.</p>	C		Yes	Chair of Governance Working Group	September 2012	Completed. <i>Fully Implemented</i>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
R5 Review the Board's risk scoring with a view to reducing the range of scores and ensure there are definitions for each likelihood and impact score.	B		Yes	Chair of Governance Working Group	September 2012	Completed. Fully Implemented
Risk Management and Business Continuity Planning 2012-04 (cont'd) R6 Present the highest priority risks to the Board at each of their meetings for discussion as well as setting out how management have gained assurance that adequate mitigating controls are in place and highlighting any concerns.	B		Yes	Chair of Governance Working Group	September 2012 June 2013	Highest priority risks will be included in the report to the Board in June 2013 and annually thereafter. Partially Implemented
R7 Ensure that the 'control measures' and 'further action' columns in the risk register clearly set out controls in place and actions being undertaken to mitigate risks, including giving evidence of controls at each Board office when there are office-specific risks.	C	The Governance Working Group will give further consideration to identifying office specific risks.	Yes	Chair of Governance Working Group	September 2012	Completed. Included in updated document. Fully Implemented

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p>Risk Management and Business Continuity Planning 2012-04 (cont'd)</p> <p>R8 As part of the annual reporting process management should outline how they have gained assurance that key risks are being mitigated adequately. This may include their key internal management checks, findings from internal audit or external audit reviews, as well as reviews of key exception reports and complaints logs.</p>	C		Yes	Assessor	Annual Report 2013	<p>To be included in the report to the Board in June 2013 and annually thereafter.</p> <p>Partially Implemented</p>
<p>R9 Provide risk management training to staff and management.</p>	B	Training courses will be identified or provided in house to be implemented by December 2012	Yes	Chair of Governance Working Group	September - December 2012	<p>Attempts are being made to identify suitable training courses.</p> <p>Partially Implemented</p>
<p>R10 Work with partner bodies to understand what their risks are and determine whether any may affect the Board. If so, work with partner bodies to mitigate these risks.</p>	C		Yes	Chair of Governance Working Group	September 2012	<p>Regular meetings are held with partner bodies. Risk management will be included on the agendas of such meetings.</p> <p>Fully Implemented</p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p>Risk Management and Business Continuity Planning 2012-04 (cont'd)</p> <p>R11 Consider what project management and risk management processes should be put in place over projects.</p>	C		Yes	Chair of Governance Working Group September 2012	September 2012	<p>Appropriate project management and risk management processes will be put in place for all future projects.</p> <p>There have been no projects to trigger specific action.</p> <p>No Project to Trigger Action</p>
<p>R12 Ensure that all staff have up-to-date workstation assessments and ensure that someone centrally checks that these have been received and any issues noted adequately followed up on a timely basis.</p>	C	Workstation assessments are up to date in Dundee and Forfar and will be brought up to date in Perth following completion of training of members of staff. Procedures for recording and checking will be formalised and consideration given to review periods.	Yes	Chair of Governance Working Group	September 2012	<p>Workstation assessments have been brought up to date subsequent to reorganisation of the office and employment of new staff in the Perth division.</p> <p>All workstation assessments are now up-to-date and there are no outstanding issues.</p> <p>Fully Implemented</p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>Business Continuity Planning</i></p> <p>R13 Either amend the Board's risk appetite for electoral registration or ensure that sufficient computers and a fully configured electoral registration server and generator are set up in Dundee.</p>	A	Detailed consideration will be given to the options available and to the practicalities of their implementation. This will include reconsideration of the risk appetite for electoral registration and the introduction of a range of improved mitigation measures, which may include changes to procedures and enhanced system back-up provision.	Yes	Depute Assessor	September 2012	<p>The risk register has been reviewed and new business continuity procedures have been implemented.</p> <p>A fully configured electoral registration server, additional computers and associated equipment have been installed in Dundee, which provides robust back-up facilities enabling swift restoration of services.</p> <p><i>Fully Implemented</i></p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>Risk Management and Business Continuity Planning 2012-04 (cont'd)</i></p> <p>R14 Fully test the DRP to ensure it is robust</p>	B		Yes	Depute Assessor	September 2012	<p>The plan was tested on 5 March 2013 and actions arising from that test are being followed up.</p> <p>Further tests will be undertaken following the installation of additional computer equipment identified as necessary to ensure the robustness of the plan.</p> <p><i>Partially Implemented</i></p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>Risk Management and Business Continuity Planning 2012-04 (cont'd)</i></p> <p>R15 Put in place controls in the event of Board IT staff not being available in the event of a disaster, such as having Dundee City Council IT staff implement the DRP.</p>	C		Yes	Depute Assessor	September 2012	<p>The IT Development Manager has consulted with Dundee City Council staff, who are prepared to offer assistance if required.</p> <p>The IT Development Manager is to participate in regular meetings with the Heads of IT of partner organisations (Dundee City Council; Angus Council; Perth & Kinross Council; Fife Council; NHS Tayside) when Business Continuity matters will be discussed.</p> <p><i>Fully Implemented</i></p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p>Risk Management and Business Continuity Planning 2012-04 (cont'd)</p> <p>R16 Consider whether contingency boxes should be prepared and stored at each office.</p>	C		Yes	Chair of Governance Working Group	September 2012	<p>Consideration of the need for contingency boxes was made. It was thought these were unnecessary but that rechargeable torches should be installed at strategic locations in each divisional office. These would ensure that the building may be evacuated more safely in the event of failure of lighting and emergency lighting. These are now in place.</p> <p>Fully Implemented</p>
<p>R17 Ensure that there is action undertaken to increase the awareness of the BCP to staff.</p>	C		Yes	Chair of Governance Working Group	September 2012	<p>Relevant postholders participated in the test on 5 March 2013 to ensure they were aware of their roles in the event of a "disaster". All staff have been advised of the Business Continuity Plan and it is permanently available on the staff Intranet. They will be advised of updates and revisions as they occur.</p> <p>Fully Implemented</p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>Risk Management and Business Continuity Planning 2012-04 (cont'd)</i></p> <p>R18 Devise a testing programme for the BCP, with all findings from tests followed up and used to fine tune the processes.</p>	C		Yes	Chair of Governance Working Group	September 2012	<p>The plan was tested on 5 March 2013 prior to installation of the equipment purchased to enable continuity of service. A more practical test of the plan will take place when the equipment is installed. A programme for further tests and follow up actions has been arranged.</p> <p><i>Fully Implemented</i></p>
<p>R19 Consider approving working from home, with enabling IT services, for electoral registration staff during key electoral periods in the event of widespread sickness or a pandemic.</p>	C	Detailed consideration will be given to the practicalities and benefits of implementing this recommendation.	Yes	Chair of Governance Working Group	September 2012	<p>The recommendation was considered, however, in light of IT implications and the requirement for the formation of a permanent workstation in each staff member's house, the resolution of the envisaged risk is impractical. Other resolutions to the limited risk would include working from other offices.</p> <p><i>Considered but Not Implemented</i></p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p>Non Domestic Rates 2012-05</p> <p>Valuations</p> <p>R1 Consideration should be given to developing a standard reporting template for valuation reports which includes a field for the final rateable value of the property which can then be agreed to the figure in the valuation system.</p>	C		Y	Assistant Assessor Perth & Kinross	September 2012	<p>The existing range of standard report and valuation templates, including history sheet, have been reviewed, amended and are now available for use in all three Divisions. However, due to the wide range of subjects which require to be valued, a single all encompassing valuation report template is not deemed appropriate in every case.</p> <p>Fully Implemented</p>
<p>R2 Staff in the Forfar office should be reminded of the importance of ensuring that VC1 cards are completed in accordance with the Board's procedures, including recording the extent of any monetary difference between the original value and the proposed amended valuations.</p>	B		Y	Assistant Assessor Angus	May 2012	<p>Angus Division staff have been reminded of the importance of ensuring that VC1 cards are completed in accordance with the Board's procedures.</p> <p>Fully Implemented</p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p>Non Domestic Rates 2012-05 (cont'd)</p> <p>Roll of Change</p> <p>R3 To reduce the risk of self-review of changes being applied to the Roll of Change (RoC), and to strengthen controls already in place, consideration should be given to implementing the system of checking of the RoC which is in place at the Perth office across all offices.</p>	B		Y	Depute Assessor	July 2012	<p>Following a detailed review of procedures, a standard system of checking has been agreed and implemented in all three Divisions.</p> <p>Fully Implemented</p>
<p>Appeals</p> <p>R4 Discussions should be held with the IT Team to determine the feasibility of setting up hyperlinks from the information on the appeals and valuations systems which takes the user directly to the related supporting evidence held within the document library or other screens.</p>	C	The appeals system does already include a facility to link to appeal letters held in the document library. Further review of all systems will be undertaken to consider the feasibility of the recommendation.	Y	Depute Assessor	December 2012	<p>A facility already exists within the Appeals system which links to appeal letters held within the document library facility. Following review, all appeals logged in the Appeals system are now routinely linked to letters held in the document library. The majority of existing appeals have been linked retrospectively.</p> <p>Fully Implemented</p>

2. Updated Action Plan 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013
<p><i>Non Domestic Rates 2012-05 (cont'd)</i></p> <p><i>Deletions / Amendments</i></p> <p>R5 Consideration should be given to establishing a procedure whereby staff should be asked to complete an annual return listing any non domestic properties in which they have a personal interest. Reports should be extracted from the system periodically and checks performed to ensure that the staff members are not carrying out valuations or processing amendments on these properties.</p>	B		Y	Depute Assessor	July 2012	<p>An annual return system has been implemented. Properties in which staff have an interest will be highlighted on reports showing changes to the Valuation Roll and Council Tax Valuation List.</p> <p><i>Fully Implemented</i></p>



3. Updated Action Plan 2010/11

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at March 2012	Progress at April 2013
<p>Corporate Governance 2011-05</p> <p>R1 The Board should establish a clear mission and vision and include statements within the Service Plan.</p>	B		Yes	Assessor	Original December 2011	<p>These are to be included in an updated Service Plan which is to be presented to the Board for approval in June 2012.</p> <p>Partially Implemented</p>	<p>Included in Service Plan.</p> <p>Fully Implemented</p>
<p>R2 The Service Plan should be reviewed and updated annually to ensure that it remains up to date and in line with the Boards strategic aims.</p>	B		Yes	Assessor	Original On-going	<p>An updated Service Plan is to be presented to the Board in June 2012 and reviewed annually.</p> <p>Partially Implemented</p>	<p>The Service Plan is reviewed annually.</p> <p>Fully Implemented</p>



3. Updated Action Plan 2010/11

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at March 2012	Progress at April 2013
<p>Asset Management 2011~07</p> <p>General</p> <p>R1 Once the restructuring at the Board is complete a full review of all the Board's procedures should be carried out to ensure that they are fit for purpose. All staff should be made aware of any changes made to the Board's procedures.</p>	C		Yes	Assessor	Original December 2011	<p>Administration restructure was not completed until February 2012.</p> <p>Review of most procedures has been completed.</p> <p>Review and updating of all procedures will be completed by May 2012.</p> <p>Partially Implemented</p>	<p>All procedures reviewed and updated in May 2012.</p> <p>Fully Implemented</p>



3. Updated Action Plan 2010/11

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at March 2012	Progress at April 2013
<p>Asset Management 2011~07 (cont'd)</p> <p>Maintenance of Assets</p> <p>R5 The Board should consider improving their current maintenance arrangements by developing a maintenance plan for their assets, together with monitoring arrangements.</p>	B		Yes	Depute Assessor	Original December 2011	<p>This has been delayed due to the restructuring of the IT and Administration Sections. Will be completed by May 2012.</p> <p>Little or No Progress Made</p>	<p>Guidelines for the updating of asset registers, to include recording of maintenance and planned maintenance of assets, have been produced.</p> <p>Fully Implemented</p>
<p>Asset Disposal</p> <p>R6 The Board should consider drafting guidelines for asset disposals, covering when assets can be disposed of, who can instruct and authorise.</p>	C		Yes	Depute Assessor	Original December 2011	<p>This has been delayed due to the restructuring of the IT and Administration Sections. Will be completed by May 2012.</p> <p>Little or No Progress Made</p>	<p>Completed.</p> <p>Fully Implemented</p>



3. Updated Action Plan 2010/11

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at March 2012	Progress at April 2013
<p>System Development 2011~08</p> <p>Project Management</p> <p>R1 If large-scale projects are undertaken in future, consideration should be given to the training needs of the project manager and the project management tools to be employed for the project. This should cover all aspects of the implementation, including setting criteria for testing, user acceptance, training and criteria for assessing the post implementation stage.</p>	B		Yes	Assessor	Original On-going	No large scale projects have been undertaken since the last audit. The recommendations will be implemented as required in any future projects. No Project To Trigger Action	No Project To Trigger Action.



3. Updated Action Plan 2010/11

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at March 2012	Progress at April 2013
<p>System Development 2011~08</p> <p>Post Implementation Review</p> <p>R3 A review should be carried out early in 2012 to consider if any lessons learned are apparent from the operation of the system for carry forward to future projects.</p>	C		Yes	Depute Assessor	Original March 2012	Discussed at meeting of Electoral Registration Working Group on 8 February 2012 and to be followed up at future meetings. Partially Implemented	Discussed at meetings of the Electoral Registration Working Group. Fully Implemented



HENDERSON LOGGIE
Chartered Accountants

Tayside Valuation Joint Board

**Annual Report to the Joint Board and the Assessor
on the Provision of Internal Audit Services for
2012/13**

Internal Audit Report No: 2013/08

Draft Issued: 14 May 2013

Final Issued: 14 May 2013



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1. Annual Report and Opinion

- 1.1 We were formally appointed in April 2011 as internal auditors of Tayside Valuation Joint Board ('the Board') for the period 1 April 2010 to 31 March 2013. This report summarises the internal audit work performed during 2012/13.
- 1.2 An Audit Needs Assessment (ANA), based on the areas of risk that the Board is exposed to, was prepared as part of our internal audit programme for 2010/11 (internal audit report 2011/01, issued April 2011). The ANA was prepared following discussion with the Assessor, several senior Board personnel, the external auditors, Audit Scotland, and with reference to the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom. The ANA was prepared on the basis of the normal three-year internal audit cycle, covering the period 2010/11 to 2012/13. The ANA was based on the previous internal audit risk assessment updated to reflect changes in the internal and external environment in the intervening period, and our own assessment of the risks faced by the Board. Following on from the ANA, a Strategic Plan was formulated covering the three-year cycle.
- 1.3 The work undertaken in 2012/13 is set out in the Strategic Plan for 2012/13. The reports submitted are listed in Section 2 of this report and a summary of results and conclusions from each assignment is given at Section 3.
- 1.4 An analysis of time spent against budget is at Section 4.

Significant Issues

- 1.5 There were no significant issues identifying major internal control weaknesses arising from our internal audit work. In general, procedures were operating adequately in the areas selected, but in most cases areas for further strengthening were identified and action plans have been agreed to address these issues.

Opinion

- 1.6 In our opinion the Board operates adequate and effective internal control systems as defined in the ANA. Proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into consideration the work we have undertaken during the current year and an examination of the reports of the previous internal audit service provider, Dundee City Council.



2. Reports Submitted

<u>Report Number</u>	<u>Title</u>	<u>Action Points</u>	<u>Grade A</u>	<u>Grade B</u>	<u>Grade C</u>
2013/01	Annual Plan 2012/13	N/A			
2013/02	Health & Safety	2	-	2	-
2013/03	Corporate Planning	3	-	-	3
2013/04	Council Tax	10	-	7	3
2013/05	Budget Setting and Budgetary Control	0	-	-	-
2013/06	Electoral Register	1	-	-	1
2013/07	Follow-Up Reviews	NA			

To aid the use of the action plan, our recommendations have been graded to denote the level of importance that should be given to each one. The gradings are as follows.

- A Issues which require the consideration of the Board.
- B Significant matters which the Senior Management Team can resolve.
- C Less significant matters, which do not require urgent attention but which should be followed up within a reasonable timescale.

3. Summary of Results and Conclusions

2013/01 – Annual Plan 2012/13

Final Issued August 2012

The purpose of this document was to present, for consideration by the Joint Board, the annual operating plan for the year ended 31 March 2013. The plan was based on the proposed allocation of audit days for 2012/13 set out in the ANA and Strategic Plan 2010 to 2013.

The detailed scope, objectives and audit approach for each audit assignment to be undertaken, arrived at following discussion with the Assessor, were set out in the report.

2013/02 – Health & Safety

Final Issued November 2012

This audit reviewed the arrangements in place within the Board to deal with Health and Safety corporately and across all locations.

On the basis of the work done, we obtained reasonable assurance that the overall arrangements for dealing with H&S issues are adequate and a number of areas were identified where good practice has been applied.

The conclusions on each of the objectives of our audit were that Tayside Valuation Joint Board has:

- a H&S policy and documented procedures which are communicated to all staff;
- a formal risk identification and assessment process in place;
- a H&S training programme which includes induction training, refresher training and training for new equipment or legislation;
- an incident and accident recording system with follow-up and implementation of new controls where required, although we recommended that the system could be further strengthened by ensuring all incident / accident forms are sent to the Dundee office for central filing; and
- regular reporting of H&S to the Management Team and to the Board although we recommended that reporting of accidents at Departmental Safety Committee meetings could be improved and the Annual H&S report issued to the Board could be further enhanced by ensuring that the format of reports is in line with that recommended by the Health and Safety Executive.

2013/03 – Corporate Planning

Final Issued December 2012

This audit focussed on the overall corporate planning processes within the Board, including detailed operational planning for each service area.

On the basis of the work done, we obtained reasonable assurance that:

- linkages between the Corporate Plan and the detailed Service Plan are clearly defined and communicated;
- the plans are consistent with each other and commitments in the Corporate Plan are systematically translated into clear responsibilities for implementation within the detailed Service Plan;
- there is a systematic approach for ensuring stakeholders views and key risks are taken into account;
- the plans are being appropriately monitored and controlled; and
- there is effective linkage between planning and budgeting at all levels.

3. Summary of Results and Conclusions

2013/04 – Council Tax

Final Issued April 2013

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

In relation to our specific objectives, assurance was obtained that the internal controls in place are operating effectively which ensure that: the Valuation List is up to date and accurate; valuations, proposals and appeals are dealt with appropriately and timeously and appropriate notices are issued to taxpayers; and appropriate controls are in place over entries and amendments made to the Valuation List.

We did not identify any significant control weaknesses although some minor instances of non-compliance with the Board's internal controls were noted with recommendations raised in relation to these. We also identified some areas, mainly in relation to the efficient use of the Board's systems, where further improvements could be made.

2013/05 – Budget Setting and Budgetary Control

Final issued May 2013

This review covered the processes and controls in place for budget setting and budgetary control within the Board.

On the basis of the work done, we obtained reasonable assurance that:

- budgets are set and approved in accordance with the Financial Regulations;
- budgets are controlled and monitored in accordance with the Financial Regulations;
- budget information is available to management in a format that can be easily understood;
- budget holders have the necessary skills for managing budgets;
- budget variations are reported and acted upon; and
- Senior Management and the Joint Board regularly review the overall financial position.

2013/06 – Electoral Register

Final Issued May 2013

This audit reviewed 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.

On the basis of the work done, reasonable assurance was obtained 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;
- following the annual canvass procedures checks are in place for recording all confirmations received, including those by telephone SMS text messaging 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;

3. Summary of Results and Conclusions

2013/06 – Electoral Register (continued)

- adequate procedures are in place to ensure those who elect to be excluded from the edited register are excluded;
- 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 full and edited versions of the registers is accurate;
- adequate controls are in place to ensure that requests for information from external parties is 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.

2013/07 – Follow-Up Reviews

Final Issued May 2013

We carried out a follow-up review of recommendations made in the following internal audit reports issued during 2011/12:

- Internal Audit Report 2012/02 – Procurement and Creditors / Purchasing;;
- Internal Audit Report 2012/03 – IT Network Arrangements;
- Internal Audit Report 2012/04 – Risk Management and Business Continuity Planning; and
- Internal Audit Report 2012/05 – Non Domestic Rates.

The objective of each of our follow-up reviews was to assess whether recommendations made in previous reports had been appropriately implemented and to ensure that, where little or no progress had been made towards implementation, that plans were in place to progress them.

The Board has made good progress in implementing the 43 recommendations contained within internal audit reports listed above with 36 recommendations, including all seven of the 2010/11 actions, being assessed as fully implemented.

The Risk Management and Business Continuity Planning action that has been considered but not implemented related to home working arrangements in the event of widespread sickness or a pandemic. This was given detailed consideration by management who have determined that the action was impractical to implement.

Of the remaining six recommendations:

- Two have been noted as 'no project to trigger action', as both related to Project Management.
- The four partially implemented actions in the Risk Management and Business Continuity Planning report will be implemented when the annual report to the Board is submitted in June 2013 and as soon as suitable project management and risk management training can be identified. These recommendations will be followed up again next year.

4. Time Spent – Budget v Actual

Internal Audit	Report number	Planned days	Actual days feed	Days to fee at May 2013	Days to spend / WIP	Variance
Reputation <i>Health & Safety</i>	2013/02	3	-	3	-	-
Council Tax	2013/03	8	-	8	-	-
Electoral Register	2013/04	4	-	3	1	-
Financial Issues <i>Budget setting / budgetary control</i>	2013/05	4	-	4	-	-
Organisational Issues <i>Corporate planning</i>	2013/06	5	-	5	-	-
Other Audit Activities						
Liaison with External Audit)	N/A					
Management and Planning)	2013/01	4	-	4	-	-
Attendance at Joint Board)	N/A					
Follow-up Reviews	2013/07	2	-	2	-	-
Total		30	-	29	1	-
		30	-	29	1	-



5. Operational Plan for 2013/14

- 5.1 Following our re-appointment as internal auditors for the period from 1 April 2013 to 31 March 2016 an Audit Needs Assessment and Strategic Plan for 2013 to 2016 was developed during May 2013 and will be presented to the Board. (Internal audit report 2014/01, issued May 2013).
- 5.2 An extract from the Strategic Plan, in relation to 2013/14 is below, which will be discussed with management, and updated if appropriate before being finalised for next year.

Tayside Valuation Joint Board Strategic Plan 2013/14 to 2015/16

Proposed Allocation of Audit Days

	Planned 13/14 Days
Reputation	
<i>Public Performance Reporting</i>	4
Staffing Issues	
<i>Recruitment and retention / HR policies</i>	
<i>Payroll</i>	4
<i>Staff training and development</i>	
Estates and Facilities	
<i>Asset management</i>	3
Financial Issues	
<i>General ledger</i>	3
Organisational Issues	
<i>Risk management / Business continuity</i>	
<i>Corporate governance and control environment</i>	6
<i>Corporate planning</i>	
Information and IT	
<i>IT network arrangements</i>	
<i>Data security / Data protection / FOI</i>	
<i>Systems development / implementation</i>	
Other Audit Activities	
<i>Management and Planning)</i>	4
<i>External audit)</i>	
<i>Attendance at audit committees)</i>	
<i>Follow-up reviews</i>	2
<i>ANA</i>	4
<i>Total</i>	<hr style="width: 20%; margin: 0 auto;"/> 30 =====