

REPORT TO: TAYSIDE VALUATION JOINT BOARD – 27 AUGUST 2012

REPORT ON: INTERNAL AUDIT PLAN 2012/13

REPORT BY: ASSESSOR

REPORT NO: TVJB 15-2012

1 PURPOSE OF REPORT

1.1 To present to the Board the following Internal Audit Report:-

Internal Audit Report No 2013/01 – Annual Plan 2012/13

2 RECOMMENDATIONS

2.1 The Board is asked to note the content of the Internal Audit Plan for 2012/13.

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 and Equality Impact Assessment. There are no major issues.

5 BACKGROUND

5.1 Henderson Loggie have been appointed to provide an internal audit service to the Board in respect of the financial years 2010/11 to 2012/13.

5.2 The Audit Needs Assessment and Strategic Plan for the period 2010 to 2013 was approved by the Board on 9 May 2011. Internal Audit Report No 2013/01, attached as an appendix to this report, presents the annual internal audit plan for 2012/13. The plan is based on the allocation of audit days approved in the Audit Needs Assessment and Strategic Plan.

5.3 The report sets out the proposed scope and objectives for each audit assignment to be undertaken during 2012/13, together with the proposed audit approach.

5.4 Separate reports detailing the findings of each audit assignment will be prepared and presented to the Board on completion.

6 CONSULTATIONS

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

7 BACKGROUND PAPERS

7.1 None.

John M Galbraith FRICS
Assessor

27 August 2012



HENDERSON LOGGIE
Chartered Accountants

Tayside Valuation Joint Board

**Annual Plan
2012/13**

Internal Audit Report No: 2013/01

**Draft Issued: 16 July 2012
Second draft: 08 August 2012**

Final Issued: 17 August 2012



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1. Introduction

- 1.1 The purpose of this document is to present to the Tayside Valuation Joint Board ('the Board') the annual internal audit operating plan for the year ended 31 March 2013. The plan is based on the proposed allocation of audit days for 2012/13 set out in the Audit Needs Assessment and Strategic Plan 2010 to 2013. The preparation of the Strategic Plan involved dialogue with management and with the Treasurer.
- 1.2 At Section 3 of this report we have set out the outline scope and objectives for each audit assignment to be undertaken during 2012/13, together with the audit approach. These were arrived at following discussion with the Assessor.
- 1.3 Separate reports will be issued for each assignment. Recommendations are graded in each report to reflect the significance of the issues raised.



2. Strategic Plan 2010 to 2013

Proposed Allocation of Audit Days

	Actual 10/11 Days	Actual 11/12 Days	Planned 12/13 Days
Reputation			
<i>Publicity</i>			
<i>Health and Safety</i>			3
Council Tax			8
Non Domestic Rates		8	
Electoral Register			4
Staffing Issues			
<i>Recruitment and retention / HR policies</i>			
<i>Payroll</i>	4		
Estates and Facilities			
<i>Asset management</i>	4		
Financial Issues			
<i>Budget setting / budgetary control</i>			4
<i>General ledger</i>	3		
<i>Procurement and creditors / purchasing</i>		5	
<i>Debtors / income</i>			
<i>Cash & bank / Treasury management</i>			
Organisational Issues			
<i>Risk management / Business continuity</i>		5	
<i>Corporate governance and control environment</i>	6		
<i>Corporate planning</i>			5
Information and IT			
<i>IT network arrangements</i>		5	
<i>Data protection / FOI</i>			
<i>Systems development / implementation / data migration</i>	4		
Other Audit Activities			
Management and Planning)	5	4	4
External audit)			
Attendance at audit committees)			
Follow-up reviews	2	2	2
ANA	4		
Total	32	29	30
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3. Outline Scope and Objectives

Audit Assignment:	Health and Safety
Priority:	Medium
Joint Board Meeting:	November 2012
Days:	3

Scope

This audit will review the arrangements in place within the Board to deal with Health and Safety (H&S) corporately and across all locations.

Objectives of the Audit

The main objective of this audit is to review the Board's overall arrangements for dealing with H&S issues and to consider whether these are adequate.

The specific objectives are to obtain reasonable assurance that the Board has:

- a H&S policy and documented procedures which are communicated to all staff;
- a formal risk identification and assessment process;
- a H&S training programme which includes induction training, refresher training and training for new equipment or legislation;
- regular monitoring of H&S systems to ensure that they are functioning effectively including H&S audits, carried out either internally or by external agencies such as the Health and Safety Executive (HSE);
- an incident and accident recording system with follow-up and implementation of new controls where required; and
- regular reporting of H&S to management and to the Board.

Audit Approach

From discussion with appropriate staff in the Dundee, Perth and Forfar offices, and review of procedural documentation, we will identify the internal controls in place and compare these with expected controls and good practice. A walkthrough of key systems will be undertaken to confirm our understanding and this will be followed up with compliance testing where considered necessary. We will report on areas where expected controls are found to be absent or where controls could be further strengthened.



3. Outline Scope and Objectives

Audit Assignment:	Council Tax
Priority:	Medium
Joint Board Meeting:	January 2013
Days:	8

Scope

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

Objectives

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

Our audit approach will be:

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



3. Outline Scope and Objectives

Audit Assignment:	Electoral Register
Priority:	Medium
Joint Board Meeting:	June 2013
Days:	4

Scope

This audit will review the adequacy and effectiveness of the controls and procedures in place to ensure that the Registers of Electors published annually for the Angus and Perth and Kinross council areas are up to date and accurate.

Objectives

The specific objectives of the review will be to seek 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;
- 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.

Our audit approach will be:

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



3. Outline Scope and Objectives

Audit Assignment:	Budget Setting and Budgetary Controls
Priority:	Medium
Joint Board Meeting:	June 2013
Days:	4

Scope

This review will cover the processes and controls in place for budget setting and budgetary control within the Tayside Valuation Joint Board.

Objectives

The overall objective of our audit will be to obtain reasonable assurance that adequate systems are in place covering budget setting and budgetary control.

Specific objectives will be to obtain assurance that:

- budgets are set and approved in accordance with the Financial Regulations and Procedures;
- budgets are controlled and monitored in accordance with the Financial Regulations and Procedures;
- 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 Board regularly review the overall financial position.

Our audit approach will be:

We will assess whether the above objectives have been met by documenting the systems and controls through interviews with the Assessor, the Treasurer, Finance staff at both the Board and Dundee City Council, if appropriate, and a sample of budget holders within the Board and by review of regulations, procedures and guidance issued to budget setters and holders. We will review the information provided to budget holders and the budget reports used internally and submitted to the Board. We will also seek to establish whether the expected key controls are in place by reference to good practice as set out in the standard control risk assessment templates and completion of a budgetary control assessment 'pro-forma'.

Finally, we will perform compliance testing where necessary to determine whether these controls are working effectively



3. Outline Scope and Objectives

Audit Assignment:	Corporate Planning
Priority:	Medium
Joint Board Meeting:	January 2013
Days:	5

Scope

We will review the overall corporate planning processes within the Board, including detailed operational planning for each office and area of business.

Objectives

The overall objective of the audit will be to obtain reasonable assurance that the Board's planning process accords with good practice.

Specific objectives will be to obtain reasonable assurance that:

- linkages between the Corporate Plan and the operational and detailed plans for each of the three offices and business areas are clearly defined and communicated;
- all of the plans are consistent with each other and commitments in the Corporate Plan are systematically translated into clear responsibilities for implementation within the operational plans;
- 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.

Our audit approach will be:

Through discussions with key officers with responsibility for planning across the Board we will document the planning processes covering the setting of key strategic objectives and the delivery framework within the Corporate Plan and developing operational plans for individual offices and business areas. Operational and detailed plans will be obtained and reviewed to ensure that there are clear linkages with the Corporate Plan and that the plans are consistent with each other. We will also review these plans to assess how the strategic objectives are translated into clear responsibilities for implementation and how budget information is used to inform planning. We will also review the monitoring and reporting arrangements in place. A good practice template will be used as a method for assessing these processes.



3. Outline Scope and Objectives

Audit Assignment:	Follow-Up Reviews
Priority:	Various
Joint Board Meeting:	June 2013
Days:	2

Scope

As part of the internal audit programme at the Board for 2012/13 we will review the recommendations raised within internal audit reports issued in 2011/12 and obtain an update on these. Areas covered during 2011/12 were:

- Report 2012/02 – Procurement and Creditors/Purchasing;
- Report 2010/07 – IT Network Arrangements;
- Report 2010/03 – Risk Management and Business Continuity Planning;
- Report 2010/05 – Non Domestic Rates

There are also six outstanding recommendations from 2010/11 that will also be followed up and progress included in this year's Follow-Up Review.

Objective

The objective of our follow-up review will be to assess whether recommendations made in internal audit reports from 2011/12 and outstanding actions from 2010/11 have been appropriately implemented and to ensure where little or no progress has been made towards implementation, that plans are in place to progress them.

Our audit approach will be:

- to request from responsible officers for each report listed above an update on the status of implementation of the recommendations made;
- to ascertain by review of supporting documentation, for any significant recommendations within the reports listed above, whether action undertaken has been adequate; and
- prepare a summary of the current status of the recommendations for the Board.



HENDERSON LOGGIE
Chartered Accountants

Tayside Valuation Joint Board

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