

REPORT TO: TAYSIDE VALUATION JOINT BOARD – 22 AUGUST 2016

REPORT ON: INTERNAL AUDIT

REPORT BY: ASSESSOR

REPORT NO: TVJB 16-2016

1 PURPOSE OF REPORT

To present to the Board an Internal Audit Report concerning Data Protection/ Freedom of Information and the Audit Needs Assessment and Strategic Plan for the period 2016 to 2019, and to seek approval of the Internal Audit Annual Plan for 2016/17 and the proposed Internal Audit Charter.

2 RECOMMENDATIONS

2.1 The Board is asked to:

- note the content of Internal Audit Report No 2016/09: Data Protection/Freedom of Information (Appendix 1),
- note the content of Internal Audit Report 2017/01: Audits Needs Assessment and Strategic Plan 2016 to 2019 (Appendix 2),
- approve the Internal Audit Annual Plan for 2016/17 (Appendix 3), and
- approve the Internal Audit Charter (Appendix 4).

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 2013/14 to 2015/16. Although audit work progressed according to the plan one piece of work relating to Data Protection and Freedom of Information, which was scheduled to be completed in June 2016, was delayed due to recent changes made to guidance issued by the Scottish Information Commissioner. This work has now been completed and the Report No. 2016/09 is attached as Appendix 1. The Report found that the level of Assurance was good and that the system meets the control objectives. One minor action point has been identified to the effect that refresher training should be provided to all staff. This action point has been agreed and the necessary training will be delivered to staff before 31 March 2017.

5.2 Henderson Loggie have also been appointed to provide an Internal Audit Service in respect of the financial years 2016/17 to 2018/19. An Audit Needs Assessment has been undertaken, the purpose of which is to identify the risks and assess the audit coverage required to give the Joint Board and Assessor assurances that the control environment is effective in reducing the risks to an acceptable level. Details of the Audit Needs Assessment and Strategic Plan are contained within Report No 2017/01 which is attached as Appendix 2 to this report.

5.3 The Internal Audit Annual Plan 2016/17 (No 2017/02) is attached as Appendix 3 to this report. It sets out the scope and objectives for assignments which will be carried out by Internal Audit during the year 2016/17. At the conclusion of each assignment a detailed report will be made to the Board. The assignments include:

- Performance Reporting
- Non-Domestic Rates
- Asset Management
- Follow-Up Reviews

5.4 Allied to the appointment of Henderson Loggie to provide Internal Audit services to the Board for the period from 2016/17 to 2018/19 is a requirement to agree an Audit Charter which sets out the role and responsibilities of the Auditor. A draft copy of the proposed Audit Charter is attached as Appendix 4.

6 CONSULTATIONS

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

7 BACKGROUND PAPERS

7.1 None.

ALASTAIR KIRKWOOD
Assessor

August 2016



Tayside Valuation Joint Board

Data Protection / FoI



Internal Audit Report No: 2016/09

Draft Issued: 27 July 2016

Final Issued: 27 July 2016

LEVEL OF ASSURANCE

Good



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Level of Assurance

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

Gradings are defined as follows:

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

Action Grades

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

1. Overall Level of Assurance

Good	System meets control objectives.
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2. Risk Assessment

This review focussed on the controls in place to mitigate the following risks:

- 5.1 – Legislative changes affecting statutory authority (risk rating: low); and
- 6.2 – Unauthorised access to electoral register/ application forms and data (risk rating: medium).

3. Background

As part of the Internal Audit programme at Tayside Valuation Joint Board ('the Board',) for 2015/16, we carried out a review of the data protection and freedom of information 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.

There are eight Data Protection principles and compliance with these principles is fundamental to the purpose of the Data Protection Act. These principles state that data is to be fairly and lawfully processed; processed for the stated purposes only; adequate, relevant and not excessive; accurate; kept for no longer than necessary; processed in accordance with the individual's rights; secure and not transmitted out-with the European Economic Area (EEA) without adequate protection.

In accordance with the Data Protection Act 1998, the Board should set appropriate security safeguards for the personal information it processes. All data, sources of data and disclosure which relate to an individual, must be registered under the Act. The Board currently has an entry on the Data Protection Register (expiring 27 June 2017) in respect of personal data held for relevant purposes.

The Freedom of Information (Scotland) Act 2002 (FoI(S)A) came into effect on 1 January 2005, entitling individuals to see information held by public authorities as defined by the Scottish Information Commissioner. This includes information recorded on paper, computer files (including e-mails), video and microfiche. Under the FoI(S)A, all Scottish public authorities have a statutory obligation to respond to FoI requests within 20 working days; however authorities have the right to withhold information if it falls under one of the exemptions listed in the FoI(S)A. Where information is withheld, the reasons for non-disclosure must be notified to the individual making the request.

Under the FoI(S)A the Board is required to have its own Publication Scheme which is accessible on the Board's website, as a guide to the information available; where it can be found; and whether or not it is available free of charge.

4. Scope, Objectives and Overall Findings

The audit focussed on the arrangements in place within the organisation to ensure compliance with the Data Protection Act 1998 and the Freedom of Information (Scotland) Act 2002 (FoI(S)A).

The table below notes each separate objective for this review (which collectively underpin the overall objective) and records the results:

Objective	Findings		
	1	2	3
The objective of this audit was to obtain reasonable assurance that:	No. of Agreed Actions		
1. Members of staff have been formally appointed with overall responsibility for implementation of the Data Protection Act 1998 and the FoI(S) Act 2002.	Good	0	0
2. Responsibilities for these members of staff have been clearly documented and communicated to all staff.	Good	0	0
3. Sufficient time has been made available for key individuals to meet their responsibilities.	Good	0	0
4. Data Protection and Freedom of Information policies and procedures exist within the Board, that they comply with legislation, are revisited and revised regularly and are effectively communicated to all staff.	Good	0	0
5. The Board has developed an awareness and training programme for all staff, including sufficient awareness training during the induction process and that all staff have received this training.	Good	0	0
6. Systems are in place to capture, record and monitor the number and types of Freedom of Information requests received, including the number of exempt requests and the number of requests responded to within / out with 20 working days.	Good	0	0
Overall Level of Assurance	Good	0	0
		System meets control objectives.	

5. Audit Approach

The Assessor and Depute Assessor in their roles as Data Protection and Freedom of Information Officer respectively were interviewed to determine current working practices, and systems in place within the Board in relation to Data Protection and Freedom of Information were documented.

Data Protection and Freedom of Information policies and procedures were reviewed to ensure compliance with legislation. We also established through discussions with the Data Protection / Freedom of Information Officer and documentary review, whether there is an adequate system in place to ensure policies and procedures are revisited and revised regularly and effectively communicated to staff.

The current training programme, including induction training for new starts, was reviewed to ensure adequate coverage of Data Protection and Freedom of Information.

The system in place to capture, record, and monitor the numbers and types of Freedom of Information requests received was also reviewed.

6. Summary of Main Findings

Strengths

- A member of staff has been formally appointed with overall responsibility for implementation of the Data Protection Act 1998 and FoI(S)A 2002;
- Data Protection responsibilities are documented within staff job descriptions;
- Staff responsible for Data Protection and FoI have sufficient time to meet their responsibilities;
- Staff induction training includes Data Protection and Freedom of Information;
- All staff have access to the Data Protection Policy and FoI(S)A policies and related procedures on the Board's website and internal computer network;
- Related policies and procedures are revisited and updated regularly; and
- The Board has developed an in-house computer system to record and monitor all FoI requests.

Weaknesses

- In recent years training and awareness of Data Protection and FoI has been incorporated into the induction process for new staff, however a formal programme of training in these areas has not been provided to all staff and we have recommended that this is done. Some training on data protection was provided to staff in 2013 as part of the Board's upgrade of its IT infrastructure in order to comply with the UK government's Public Service Network security standards, however this focussed on data security controls.

From 25 May 2018, the EU General Data Protection Regulation (GDPR) will affect every organisation that processes EU residents' personally identifiable information (PII). The GDPR will supersede national laws such as the UK Data Protection Act 1998. When the GDPR comes into force on 25 May 2018, all organisations that process the personally identifiable information of EU residents will be required to abide by a number of provisions. Following the results of the recent EU referendum it is still unclear whether new EU legislation such as the GDPR will be adopted in the UK, however the Board should monitor the situation and if it is adopted the Board should ensure that it has procedures in place to review and comply with the applicable requirements of the legislation.

7. Acknowledgements

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

8. Findings and Action Plan

Objective 1: Members of staff have been formally appointed with overall responsibility for implementation of the Data Protection Act 1998 and the FoI(S) Act 2002.

As noted on the Board's entry on the Information Commissioners' Office Data Protection Register, the Assessor, as Data Controller, is responsible for the implementation of the Data Protection Act 1998.

The Depute Assessor has been appointed by the Assessor as the officer responsible for the Board's Freedom of Information and Data Protection administration, and he is also Secretary to the Scottish Assessors' Association Governance Committee which considers Freedom of Information and Data Protection matters as they affect Assessors on a Scotland wide basis.

Objective 2: Responsibilities for these members of staff have been clearly documented and communicated to all staff.

Data Protection and FoI responsibilities are documented within staff job descriptions.

As previously noted at objective 1 the Depute Assessor has day-to-day responsibility for ensuring that the Board is compliant with the Data Protection Act and FoI(S) Act, including to ensure that relevant policies and procedures are compliant and that staff training needs with regards data protection are addressed. The existing Data Protection Policy sets out that the Board expects all elected members and employees to comply fully with the Data Protection Policy and the eight Data Protection Principles, and that it is the responsibility of the Assessor and Depute Assessor to ensure compliance with this policy. The Data Protection Policy is available to all employees and the public on the Board's website.

Objective 3: Sufficient time has been made available for key individuals to meet their responsibilities.

Both the Assessor and Depute Assessor interviewed during our review advised that they had sufficient time to meet their responsibilities. Staff members appear to have adequate time to perform the Data Protection tasks they understand to be part of their day to day role.

Due to the small number of FoI requests received by the Board, the Depute Assessor has made sufficient time available for him to meet his FoI responsibilities. This statement was supported by our review of the Board's system which records all FoI requests which noted that all responses received during 2015/16 had been provided within the statutory timeframe of 20 working days from the date of request being received (see also objective 6).

In his role of Secretary of the Scottish Assessors Association (SAA) Governance Committee., the Depute Assessor is regularly kept informed of any issues which may impact the Board. We understand that the SAA is currently working closely with the Scottish Information Commissioner's Office to ensure that data sharing agreements between the Valuation Joint Boards, Assessors and external parties meet the requirements of the Data Protection Act.

Objective 4: Data Protection and Freedom of Information policies and procedures exist within the Board, that they comply with legislation, are revisited and revised regularly and are effectively communicated to all staff.

A Data Protection Policy, which was last updated in October 2015, is available on the Board's website. The Policy outlines the roles and responsibilities of the Assessor, Depute Assessor, elected members of the Joint Board and all employees in complying with the Policy. The Policy also summarises the eight Data Protection Act Principles; the notification process; the process for dealing with subject access requests; and data security. The Policy is supported by a number of related Board policies, including:

- Retention Guidelines and Disposal Arrangements
- Information Technology - Electoral Registration Data Access and Building Security Policy
- Information Technology - Access Control Policy
- Information Technology - Security Policy
- Information Technology - Protective Monitoring Policy
- Information Technology - Security Incident & Weakness Policy
- Information Technology - Security of IT Systems - Guidance to Staff
- Information Technology - Procedure for Disposal of Media
- Government Security Classification, Handling and Disposal Policy

Following discussions between the SAA and the Scottish Information Commissioner's Office the Depute Assessor has recently redrafted a number of the Board's policies and procedures to ensure that these now comply with the FoI(S)A. At the time of our review these were expected to be presented to the Joint Board in August 2016 for approval. The Board and the Assessor are required to adopt and maintain a publication scheme and a guide setting out the classes of information that are available, the manner in which they intend to publish the information and whether a charge will be made for the information. Our review noted separate publication schemes have been developed for the Assessor and the Board.

In December 2014 the Scottish Information Commissioner's Office published an updated "Code of Practice on the discharge of functions by Scottish Public Authorities under the Freedom of Information (Scotland) Act 2002 and the Environmental Information (Scotland) Regulations 2004". From discussion with the Depute Assessor we noted that the Board's Governance Group considered the contents of the updated code of practice during the year which subsequently resulted in the Depute Assessor updating the Board's Freedom of Information Policy and related staff guidance documentation.

Objective 5: The Board has developed an awareness and training programme for all staff, including sufficient awareness training during the induction process and that all staff have received this training.

Observation	Risk	Recommendation	Management Response		
<p>In recent years significant improvements were made to the Board’s IT infrastructure and IT control environment in order to comply with the security standards as part the Board’s connection to the UK governments’ Public Services Network (PSN). As part of this work the Board was required to incorporate Data Protection and FoI training into the induction process for new staff. Our review noted that this is now in place, however a programme of training and awareness has not been developed for staff that were already in post prior to this. We understand that some basic Data Protection training was provided to staff at the time of the PSN upgrade but this did not cover all of the Data Protection areas and instead focussed on basic data security. It is good practice to provide awareness training on or shortly after appointment with updates at regular intervals or when required.</p>	<p>Many data security breaches are accidental and result from insider actions. The Board should brief all staff handling personal data on their data protection responsibilities.</p>	<p>R1 An awareness and training programme should be developed for all relevant staff and the level of training provided should be commensurate with their responsibilities and must ensure that staff are able to recognise an information request and immediately pass it on appropriately for action.</p>	<p>“Refresher” training will be provided to all staff in in conjunction with the roll out of the Board’updated guidance.</p> <p>To be actioned by: Depute Assessor</p> <p>No later than: 31/3/17</p> <table border="1" data-bbox="1617 1190 2103 1294"> <tr> <td data-bbox="1617 1190 1877 1294">Grade</td> <td data-bbox="1877 1190 2103 1294">3</td> </tr> </table>	Grade	3
Grade	3				

Objective 6: Systems are in place to capture, record and monitor the number and types of Freedom of Information requests received, including the number of exempt requests and the number of requests responded to within / out with 20 working days.

The Board has developed its own in-house system to record and track FoI requests. The Depute Assessor is the appointed FoI Officer and staff are aware to notify him of all FoI requests received. The Depute Assessor then records each request in the system.

We reviewed the FoI system and noted that very few requests are made to the Board each year with only three requests received in the year to 31 March 2016 (14 – year to 31 March 2015). The system records the date the request was received, the type of request made, allocates responsibility to the staff dealing with the request and automatically calculates the date of the 20 working day timescale by which the Board must respond to the request.

From a review of FoI requests logged in the system for the year ended 31 March 2016 we did not identify any that had not been responded to within 20 working days. We also identified several received in 2016/17 which had either been responded to within 20 working days or were in the process of being responded to within 20 working days.

We noted that the system does not have a database enquiry tool which would allow more efficient monitoring of FoI requests by enabling system users to generate a report showing all FoI requests logged and their current status. Further development of the system by the Board's IT team would be required to provide this additional functionality. Given that the Board currently receives a low number of requests and our review noted that all were responded to within the 20 working days timescale there would be little benefit in developing the system at this time. The Depute Assessor is aware of the system limitations and will consider further development in the future if the number of FoI requests increases significantly.

Since April 2013 an online quarterly return of FoI statistics has been made to the Scottish Information Commissioner. Statistical data and relevant background information in relation to matters arising in respect of Freedom of Information and Data Protection issues are reported annually to the Joint Board.



Tayside Valuation Joint Board

**Audit Needs Assessment and Strategic Plan
2016 to 2019**

July 2016

Internal Audit Report No: 2017/01

Draft Issued: 20 July 2016

Final Issued: 26 July 2016

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Introduction

We have been appointed as Internal Auditors of the Tayside Valuation Joint Board ('the Board') for the period from 1 April 2016 to 31 March 2019.

Internal audit primarily provides an independent and objective opinion to the Joint Board and to the Assessor on risk management, control and governance, by measuring and evaluating their effectiveness in achieving the Board's agreed objectives. In addition, internal audit's findings and recommendations are beneficial to line management in the audited areas.

Risk management, control and governance comprise the policies, procedures and operations established to ensure the achievement of objectives, the appropriate assessment of risk, the reliability of internal and external reporting and accountability processes, compliance with applicable laws and regulations, and compliance with the behavioural and ethical standards set for the Board.

Internal audit also provides an independent and objective consultancy service specifically to help line management improve the Board's risk management, control and governance.

Risk Consideration

There are a number of regulatory, operational and financial risks faced by any organisation. There are also risks that are specific to individual organisations, and which vary over time. All of these risks need to be managed effectively since they cannot be eliminated entirely.

The purpose of this ANA is to identify these risks, and assess the audit coverage required to give the Joint Board and Assessor assurances that the control environment is effective in reducing the risks to an acceptable level.

Where the Board's risks can be impacted by internal control and subjected to internal audit these have been identified in the ANA and prioritised in the Strategic Plan with reference to the combined risk factors identified in the ANA (pages 3-9) and the resources allocated by the Board to internal audit. Prioritisation affects frequency of visits, the number of days allocated, and the position in the audit cycle.

The Board's strategic and operational risks do not exist in isolation but are inter-dependent. We will therefore ensure that audit projects are linked where necessary, and results from relevant previous projects will be taken into consideration at the detailed planning stage of each project.

Audit Needs Assessment

Our ANA involved the following activities:

- Reviewing the Board's risk register
- Reviewing the Board's strategic and operational plans
- Reviewing previous internal audit reports
- Reviewing external audit reports and plans
- Reviewing the Board's website and internal policies and procedures
- Utilising our experience at similar organisations and our understanding of the Board
- Discussions with the Assessor and other Board Officers

Information from discussions with the Assessor and various documents that we have reviewed identified the following issues as being the main strategic, operational, financial and regulatory issues facing the Board at this time:

- Managing any future cuts in revenue and capital funding;
- Monitoring of performance against Key Performance Indicators for the Valuation Roll, Valuation List and Electoral Register;
- Review of procedures and practices within the organisation to ensure that service delivery proceeds in the most effective manner;
- Maintenance of relationships with the three Unitary Authorities, Scottish Assessors' Association and the Valuation Office Agency and communication with the general body of Council Tax payers, ratepayers and electors, their agents and representatives, local councillors, MPs and MSPs; and
- Preparation for the revaluation of non-domestic properties which will take effect in April 2017.

The ANA and Strategic Plan are revised on an on-going basis (at least annually) to take account of any changes in the Board's risk profile. Any changes to the internal audit plan are approved by the Joint Board.

Value for Money

This ANA does not specifically address Value for Money projects. However, VFM is an integral part of all audits and therefore it has been mentioned at points within this ANA. VFM is always considered during any audit work that we are undertaking.

Business Improvement

We will draw on the experience within our team to provide input on the use of a wide range of business improvement tools, including the use of lean systems and methodologies, where this is appropriate

Audit Needs Assessment

The Audit Needs Assessment (ANA) has been made following discussion with the Assessor and Depute Assessor and with reference to the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom. Work in the previous three-year cycle has been used to update the key control environment. The ANA has been prepared on the basis of the normal three-year internal audit cycle, covering the period 2016/17 to 2018/19.

The ANA is based on the Board's Risk Register supplemented by our own assessment of the risks faced by the Board. Risks have been split into nine categories: reputation; council tax; non-domestic rates; electoral register; staffing issues; estates and facilities; financial issues; organisational issues; and information and IT.

The assessment covers the main areas where the Board is exposed to risk that can be managed through internal control, and which therefore should be considered for examination by internal audit. The assessment has taken no account of the resources available to carry out the work, although **items included in the Strategic plan on pages 11 to 13 are noted in bold in the ANA.**

Following identification of the key controls and associated risks we have assessed the different areas of risk using the following criteria:

- **Risk Impact**
- **Risk Likelihood**
- **Present Controls**

From the combination of results of these three criteria and current assurance mechanisms, the work required and the resource recommended to test whether the controls are in place and operating has been assessed. Audit coverage in recent years has also been taken into consideration, together with current systems developments.

Risk Category	Risk Register Reference	Risk Impact	Risk Likelihood	Present Controls	Assurance	Priority
Reputation						
<input type="checkbox"/> Damage to Reputation	6.1	High	Medium	Good	Integrity Plan in place which is regularly reviewed by the management team. H&S Policies/Guidelines are in place covering Health & Safety and Safe Working Arrangements. H&S issues reported to the H&S Working Group. H&S Annual Report presented to the Joint Board. Review timetable for policies and procedures to be updated. Assessor is a member of the Scottish Assessors Association which provides information re relevant legislations, regulation and good practice. Regular Joint Board meetings held with minutes and papers available to public.	Medium
<input type="checkbox"/> Management of Health and Safety	4.7	Medium	Low	Good		Low
<input type="checkbox"/> Failure to Adhere to Changes in Legislation	1.1, 4.6, 5.1, 7.4	Medium	Medium	Good		Low
<input type="checkbox"/> Performance Reporting		Medium	Low	Good		Medium
Council Tax						
<input type="checkbox"/> Maintenance of the Accuracy of Records Relating to Property Bandings	5.2	Medium	Low	Good	Council planning department warrant registers regularly reviewed and details of house sales received from Registers of Scotland. All entries reviewed by Senior Valuer. All banding changes are detailed on a weekly Council Tax Interface Report and these are checked by an Assistant Assessor or Principal Valuer. Proposals and appeals recorded in system and reports monitored to track compliance with response timescales. Changes to Valuation List independently verified by senior staff.	Medium
<input type="checkbox"/> Valuation and Updating Procedures	5.2	Medium	Low	Good		Medium
<input type="checkbox"/> Administering Proposals	5.2	Medium	Low	Good		Medium
<input type="checkbox"/> Control of Input to the Valuation List	5.2	Medium	Medium	Good		Medium

Risk Category	Risk Register Reference	Risk Impact	Risk Likelihood	Present Controls	Assurance	Priority
Non Domestic Rates						
<input type="checkbox"/> Maintenance of the Accuracy of Records Relating to Current Property Values	5.2	Medium	Low	Good	Lists of properties sold are received monthly from the Registers of Scotland which is used to confirm that the Board's records are up to date in respect of proprietors and ownership of properties. Changes in ownership advised by the Unitary Authorities' NDR departments.	Medium
<input type="checkbox"/> Valuation and Updating Procedures	5.2	Medium	Low	Good	All property valuations are conducted by qualified valuers.	Medium
<input type="checkbox"/> Administering Appeals	5.2	Medium	Low	Good	All Appeals checked by a Senior Valuer.	Medium
<input type="checkbox"/> Control of Input to the Valuation Roll	5.2	Medium	Medium	Good	Only authorised staff can input changes to the Valuation Roll.	Medium
Electoral Register						
<input type="checkbox"/> Maintenance of Accuracy of the Electoral Register	Section 6	Medium	Medium	Good	Annual canvas of households conducted. Council Tax records, used by clerical staff at the Angus and Perth office used to update the computerised Electoral system (EROS) on a weekly basis. Details taken from the Annual voter registration forms are input into EROS and independently checked.	Medium

Risk Category	Risk Register Reference	Risk Impact	Risk Likelihood	Present Controls	Assurance	Priority
Staffing Issues						
<input type="checkbox"/> Equalities Legislation	4.6	Medium	Low	Good	Regular review of policies and procedures. Mainstreaming equality report in place in accordance with the Equalities Act 2010. Performance and Grievance Procedure. Regular review of terms and conditions of employment and remuneration is conducted at a national level. Service Level Agreement with Dundee City Council to provide payroll administration. Recruitment strategies and career structure/progression opportunities for staff. Staff Development Review scheme in place.	Low
<input type="checkbox"/> Contentious Staffing Issues	4.5	Medium	Low	Good		Low
<input type="checkbox"/> Industrial Relations	4.1	Low	Low	Good		Low
<input type="checkbox"/> Controls Over Payroll	5.2	Medium	Low	Good		Low
<input type="checkbox"/> Failure to Attract and Retain Quality Staff	4.5	Medium	Low	Good		Low
<input type="checkbox"/> Staff training and Development	4.5	Medium	Low	Good		Low
Estates and Facilities						
<input type="checkbox"/> Physical Security		Medium	Low	Good	Physical security subject to annual PSN compliance check.	Low
<input type="checkbox"/> Disruption to Operations Following Loss or Breakdown of Key Equipment	1.1, 1.2	Medium	Medium	Good	Detailed Business Continuity and Disaster Recovery Plans in place and tested.	Medium
<input type="checkbox"/> Asset Management	1.2	Medium	Low	Good	Maintenance of inventory of assets and regular physical inspection. Authorisation procedures for asset purchases and disposals.	Low
<input type="checkbox"/> Breach of Statutory Duty	1.3	Medium	Low	Good	Regular review of legislation requirements, and Health and Safety Working Group and Safety Officers appointed.	Low

Risk Category	Risk Register Reference	Risk Impact	Risk Likelihood	Present Controls	Assurance	Priority
Financial Issues						
<input type="checkbox"/> Failure to Receive Required Funding	2.1	High	Low	Good	Structured budgetary process in place with input provided by Board Treasurer and constituent Authorities Finances Directors. External audit review.	Medium
<input type="checkbox"/> Agreed Expenditure Targets Not Met	2.2, 2.3	Low	Low	Good	Budget monitoring procedures in place with quarterly reports provided to the Treasurer and Joint Board. The Board maintains an adequate level of reserves to ensure that any risk is minimised. Purchasing / procurement procedures in place.	Low
<input type="checkbox"/> Prevention and Response to Internal Fraud, Impropriety or Misconduct On the Part of Staff	2.4	Low	Low	Good	Validation and authorisation procedures and fraud guidelines in place.	Low
<input type="checkbox"/> Main Financial Systems						
• General Ledger		Medium	Low	Good	General Ledger System with Management Information Reporting Tools provided by DCC as part of Financial Services SLA.	Low
• Procurement and Creditors / Purchasing		Medium	Medium	Good	Procurement policy and procedures in place. Processing of the online Creditor Ledger System provided by DCC as part of SLA. Payments processed by DCC, with review of cheque and BACS runs by the Administration Manager.	Medium
• Debtors / Income		Low	Low	Good	Financial Regulations specify procedures for raising invoices and income handling.	Low
• Cash and Bank / Treasury Management		Low	Low	Good	Banking / Treasury Management services provided by DCC as part of Financial Services SLA.	Low

Risk Category	Risk Register Reference	Risk Impact	Risk Likelihood	Present Controls	Assurance	Priority
Organisational Issues						
<input type="checkbox"/> Widespread or Epidemic / Pandemic Illness	4.2	Medium	Low	Good	Business Continuity Plan and Business Continuity Disaster Recovery Plan in place and tested. Code of Corporate Governance in place. Member training provided through constituent Councils. Regular review of strategic planning process by management and Joint Board. Risk Management Strategy and Risk Register in place and reported to the Joint Board annually. Service Level Agreement with DCC Insurance and Risk Management Section provides necessary advice.	Low
<input type="checkbox"/> Major Disaster, e.g. fire, flood, explosion	1.2	High	Low	Good		Low
<input type="checkbox"/> Corporate Governance and Overall Control Environment		Medium	Medium	Good		Medium
<input type="checkbox"/> Effective Corporate Planning		Medium	Low	Good		Low
<input type="checkbox"/> Risk Management		Medium	Medium	Good		Medium
<input type="checkbox"/> Insurance Arrangements	2.5	Medium	Low	Good		Low

Risk Category	Risk Register Reference	Risk Impact	Risk Likelihood	Present Controls	Assurance	Priority
Information and IT						
<input type="checkbox"/> Failure of third party system providers	3.1	High	Low	Good	Contractual arrangements and system maintenance agreements are in place. Data encryption, challenge response and username and password access controls in place to PSN equivalent standard. Third Party Network company provides network monitoring service. Firewall and Anti-Virus software in place. Annual independent PSN accreditation check in place. Publication schemes in place for TVJB and Assessor. Data Protection Officer and Records Manager appointed. FOI and Data Protection policies in place (incorporating Data Protection Principles). Guidelines on e-mail and Internet use are in place. All internet and e-mail traffic is recorded and may be monitored. IT Strategy in place which is reviewed annually by IT Working Group.	Medium
<input type="checkbox"/> Breach of security surrounding connections to third party systems	3.3	Medium	High	Good		Medium
<input type="checkbox"/> Loss of Data or IT Hardware	3.2, 3.7, 3.9	Medium	Medium	Good		Medium
<input type="checkbox"/> Breach of IT Network Security	3.3, 3.2	Medium	High	Good		Medium
<input type="checkbox"/> Non-Compliance with Data Protection / Freedom of Information Legislation		Medium	Low	Good		Low
<input type="checkbox"/> Inappropriate use of Internet / E-mail by staff	3.8	Medium	Medium	Good		Medium
<input type="checkbox"/> IT Strategy		Low	Low	Good		Low

Strategic Plan

The Strategic Plan covers the normal three-year internal audit cycle. Audit days have been allocated to the categories identified in the ANA to give a rolling programme of work. Where relevant, these have been further split into sub-categories. Frequency of visits, the number of days allocated, and the position in the cycle has been determined with reference to the combined risk factors identified in the ANA, previous internal audit findings and current systems developments. Not all medium priority items can be covered in the cycle. Reference to other assurance methods has influenced which of these have not been included. Some low priority items have been included in the programme as planned changes to legislation, or the Board's procedures mean the current risk assessment needs to be confirmed.

The previous internal audit coverage in the table below notes the overall assessment of the system for 2015/16 audits, when this was introduced as part of the audit conclusion. The assessment levels available are:

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

There is an expectation by external auditors that some element of review is included in the internal audit programme each year in relation to core financial systems and budgetary processes and controls. This has been taken into consideration in formulating the Strategic Plan.

Audit Methodology

Prior to commencement of the work each year the Strategic Plan will be reviewed in advance of the production of the Annual Plan. The Annual Plan will give more detail of the risks to be covered and the work to be carried out in each area. The process will include discussion with officers, the Board's external auditors and the Joint Board as appropriate.

Once the Annual Plan has been agreed an audit timetable will be set and detailed planning will be carried out for each area. In all cases the audit work involves:

- Identification of the expected controls.
- Review of systems to identify actual controls.
- Consideration of established Best Practice in the area.
- Testing of controls to ensure they are operating effectively.
- Consideration of VFM issues where appropriate on all audit assignments and conducting specific VFM reviews as agreed with the Board's officers and the Joint Board.
- Consideration of the relevance of business improvement tools, including lean systems and methodologies, to individual audit assignments.
- Discussion of findings and our likely recommendations with the relevant managers and staff involved with the systems. Recommendations will be graded to help management prioritise their importance.
- Issue of a draft report to confirm factual accuracy and obtain official management responses for inclusion in the final report.
- Issue of a final report that summarises audit objectives; work carried out; the implications of the findings for internal control; and an action plan with areas for improvement, allocated responsibility for the implementation and a timeframe for completion.
- Follow-up of action plans in future years.

Tayside Valuation Joint Board Strategic Plan 2016/17 to 2018/19

Proposed Allocation of Audit Days

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Reputation						
Compliance with Legislation	1.1, 4.6, 5.1, 7.4	All years		3		To ensure that there are effective arrangements to review compliance with The Procurement Reform (Scotland) Act 2014, The Public Contracts (Scotland) Regulations 2015 (which transpose the public procurement Directive) and The Procurement (Scotland) Regulations 2016 (which were made under the Act). Compliance with relevant legislation will also be considered where applicable on all audits.
Performance Reporting		2013/14	3			To ensure that the format, content and timeliness of management information, both financial and non-financial, provided to senior management and to the Joint Board, focusses on what is set out in the Annual Public Performance Report. We will also consider whether the information reported to the Joint Board is appropriate, and whether such information is accurate and easy to understand for those who use it.
Council Tax						
Maintenance of the Accuracy of Records Relating to Property Bandings / Valuation and Updating Procedures / Administering Proposals / Control of Input to the Valuation List	5.2	2015/16 Good			5	To review the adequacy and effectiveness of the controls and procedures in place to ensure the accuracy of records relating to all domestic properties within the Board's area and that all property bandings are appropriate and only approved changes, new entries, deletions and amendments, proposals and appeals are made to the Valuation List.

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Non-Domestic Rates						
Maintenance of the Accuracy of Records Relating to Current Property Values / Valuation and Updating Procedures / Administering Appeals / Control of Input to the Valuation Roll	5.2	2014/15	3	4		2016/17: To review the Board's preparations for revaluation of non-domestic properties in April 2017. 2017/18: To review adequacy and effectiveness of the controls and procedures in place to ensure that the records relating to current property values are up to date and accurate, valuations and appeals are dealt with appropriately and timeously, and appropriate controls are in place over entries and amendments made to the Valuation Roll.
Electoral Register						
Maintenance of Accuracy of the Electoral Register	Section 6	2015/16 Good			4	To review the adequacy and effectiveness of the controls and procedures in place to ensure that the Register of Electors published annually for the Angus and Perth & Kinross council areas are up-to-date and accurate.
Estates and Facilities						
Asset Management		2013/14	4			To establish whether the Board's asset management arrangements ensure that assets are safeguarded and that capital expenditure plans are appropriate and in line with the Board's strategic objectives. A high level review of the Board's property lease options will also be considered.
Organisational Issues						
Risk Management / Business Continuity Planning	1.2, 4.2	2014/15			2	To undertake a high level review of the Board's procedures for assessing, monitoring and mitigating risk. We will also consider whether there are adequate plans in place to minimise disruption to operations following loss of life, buildings or equipment and that these are regularly tested.

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Corporate Governance		2013/14		4		Cyclical check to undertake a high-level review of the corporate governance arrangements in place within the Board to ensure that the governance framework represents best practice as set out in the updated CIPFA code of practice expected to be published in September 2016. We will also review the Scheme of Delegation and Standing Orders.
Other Audit Activities						
Management & planning, attendance at Joint Board meetings & liaising with external audit			2	2	2	
Follow-up			1	2	2	Follow up of outstanding internal audit recommendations.
ANA			2	-	-	
Total			15	15	15	

Work History 2010/11 – 2015/16

	10/11 Days	11/12 Days	12/13 Days	13/14 Days	14/15 Days	15/16 Days
Reputation						
Health and Safety			3			3
Performance reporting				4		
Staffing Issues						
Payroll and HR / staff training and development)						
Payroll	4			4		
Estates and Facilities						
Physical Security)						
Asset management)	4			3		
Non Domestic Rates		8			6	
Council Tax			8			5
Electoral Register			4			4
Financial Issues						
Budget setting / budgetary control			4			3
General ledger	3			3		
Procurement and creditors / purchasing		5			4	
Debtors / income						
Cash & bank / Treasury management						
Organisational Issues						
Risk management / Business continuity		5			5	
Corporate governance and control environment)	6			3		
Corporate planning)			5			2
Insurance arrangements						
Information and IT						
IT network arrangements / data security		6			4	
Systems development / implementation	4					3
Data protection / FOI						
Other Audit Activities						
Management and Planning)	5	4	4	4	4	4
External audit)						
Attendance at committees)						
Follow-up reviews	2	2	2	2	2	2
ANA	4			4		
Total	<u>32</u>	<u>30</u>	<u>30</u>	<u>27</u>	<u>25</u>	<u>26</u>
	=====	=====	=====	=====	=====	=====



Tayside Valuation Joint Board

Internal Audit Annual Plan 2016/17

Internal Audit Report No: 2017/02

Draft Issued: 29 July 2016

Final Issued: 1 August 2016



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1. Introduction

- 1.1 The purpose of this document is to present to the members of Tayside Valuation Joint Board ('the Board') the annual internal audit operating plan for the year ended 31 March 2017. The plan is based on the proposed allocation of audit days for 2016/17 set out in the Audit Needs Assessment and Strategic Plan 2016 to 2019. The preparation of the Strategic Plan involved dialogue with management and with the Treasurer.
- 1.2 At Section 3 of this report we have set out the outline scope and objectives for each audit assignment to be undertaken during 2016/17, 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.
- 1.4 Our audit service complies with the Public Sector Internal Audit Standards (PSIAS).

2. Strategic Plan 2016 to 2019

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Reputation						
Compliance with Legislation	1.1, 4.6, 5.1, 7.4	All years		3		To ensure that there are effective arrangements to review compliance with The Procurement Reform (Scotland) Act 2014, The Public Contracts (Scotland) Regulations 2015 (which transpose the public procurement Directive) and The Procurement (Scotland) Regulations 2016 (which were made under the Act). Compliance with relevant legislation will also be considered where applicable on all audits.
Performance Reporting		2013/14	3			To ensure that the format, content and timeliness of management information, both financial and non-financial, provided to senior management and to the Joint Board, focusses on what is set out in the Annual Public Performance Report. We will also consider whether the information reported to the Joint Board is appropriate, and whether such information is accurate and easy to understand for those who use it.
Council Tax						
Maintenance of the Accuracy of Records Relating to Property Bandings / Valuation and Updating Procedures / Administering Proposals / Control of Input to the Valuation List	5.2	2015/16 Good			5	To review the adequacy and effectiveness of the controls and procedures in place to ensure the accuracy of records relating to all domestic properties within the Board's area and that all property bandings are appropriate and only approved changes, new entries, deletions and amendments, proposals and appeals are made to the Valuation List.

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Non-Domestic Rates						
Maintenance of the Accuracy of Records Relating to Current Property Values / Valuation and Updating Procedures / Administering Appeals / Control of Input to the Valuation Roll	5.2	2014/15	3	4		2016/17: To review the Board's preparations for revaluation of non-domestic properties in April 2017. 2017/18: To review adequacy and effectiveness of the controls and procedures in place to ensure that the records relating to current property values are up to date and accurate, valuations and appeals are dealt with appropriately and timeously, and appropriate controls are in place over entries and amendments made to the Valuation Roll.
Electoral Register						
Maintenance of Accuracy of the Electoral Register	Section 6	2015/16 Good			4	To review the adequacy and effectiveness of the controls and procedures in place to ensure that the Register of Electors published annually for the Angus and Perth & Kinross council areas are up-to-date and accurate.
Estates and Facilities						
Asset Management		2013/14	4			To establish whether the Board's asset management arrangements ensure that assets are safeguarded and that capital expenditure plans are appropriate and in line with the Board's strategic objectives. A high level review of the Board's property lease options will also be considered.
Organisational Issues						
Risk Management / Business Continuity Planning	1.2, 4.2	2014/15			2	To undertake a high level review of the Board's procedures for assessing, monitoring and mitigating risk. We will also consider whether there are adequate plans in place to minimise disruption to operations following loss of life, buildings or equipment and that these are regularly tested.

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Corporate Governance		2013/14		4		Cyclical check to undertake a high-level review of the corporate governance arrangements in place within the Board to ensure that the governance framework represents best practice as set out in the updated CIPFA code of practice expected to published in September 2016. We will also review the Scheme of Delegation and Standing Orders.
Other Audit Activities						
Management & planning, attendance at Joint Board meetings & liaising with external audit			2	2	2	
Follow-up			1	2	2	Follow up of outstanding internal audit recommendations.
ANA			2	-	-	
Total			15	15	15	

3. Outline Scope and Objectives

Audit Assignment:	Performance Reporting
Priority:	Medium
Joint Board Meeting:	TBC
Days:	3

Scope

The audit will consider the format, content and timeliness of management information, both financial and non-financial, provided to senior management and to the Joint Board in terms of the Annual Public Performance Report. We will also consider whether the information reported to the Joint Board is appropriate, and whether such information is accurate and easy to understand for those who use it.

Objectives of the Audit

The objective of our audit will be to obtain reasonable assurance that:

- the performance information needs of users have been identified and the information provided meets those needs;
- performance information is clearly set out, easily accessible, accurate, provided on a timely basis and readily understood by users;
- management information is available which:
 - reports on appropriate key performance indicators and, where applicable, on outputs, outcomes and impacts;
 - enables the impacts of key strategic and operational decisions to be measured;
 - allows income and costs and to be analysed at a more detailed level;
 - assists in forecasting;
- processes in place to provide and disseminate management information are efficient.

Audit Approach

A sample of Assistant Assessors will be interviewed and the Board's performance reports, and performance reporting procedures, will be reviewed to assess compliance with the above objectives.

Tayside Valuation Joint Board Internal Audit Annual Plan 2016/17

Audit Assignment:	Non Domestic Rates
Priority:	Medium
Joint Board Meeting:	TBC
Days:	3

Scope

The next revaluation of non-domestic property in Scotland will take effect from 1 April 2017, with the date of valuation set at 1 April 2015. A revaluation results in the introduction of new valuation rolls which contain revised rateable values for all non-domestic properties in Scotland, subject to statutory exclusions. This audit will review the Board's preparations for revaluation of non-domestic properties in April 2017.

A further review of the adequacy and effectiveness of the controls and procedures in place to ensure that the records relating to current property values are up to date and accurate will be undertaken in 2017/18.

Objectives

To obtain reasonable assurance that good progress has been made in updating the underlying records held on the Boards' systems which are used in updating the Valuation Roll, including:

- property records held on the Board's systems record details of the rent payable in respect of each property at 1 April 2015; and
- sufficient evidence, including authorisation, is on file to support the rateable value assigned to properties on the Valuation Roll at 1 April 2015.

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 non-domestic rates valuation systems and compare these with expected controls. A sample of non-domestic property files will then be reviewed to ensure that records have been appropriately updated ahead of the revaluation effective from 1 April 2017.

Tayside Valuation Joint Board Internal Audit Annual Plan 2016/17

Audit Assignment:	Asset Management
Priority:	Medium
Joint Board Meeting:	TBC
Days:	4

Scope

This review will cover the arrangements in place for identifying, maintaining, reviewing and disposing of Board assets and the process for approving new capital spend.

Objectives

The main objective of our audit will be to establish whether the Board's asset management arrangements ensure that assets are safeguarded and that capital expenditure plans are appropriate and in line with the Board's strategic objectives. A high level review of the Board's property lease options will also be considered.

To conclude on this objective we will establish whether:

- there is a system for recording assets and checking physical existence of these on a regular basis;
- a maintenance plan is in place over the Board's assets which is appropriately monitored;
- existing assets are reviewed on a periodic basis to ensure that they effectively meet the needs of the Board;
- asset disposals are properly authorised and recorded and such assets are disposed of securely; and
- there is a capital appraisal and approval process which ensures that all capital spend is in line with the Board's strategy, has been appropriately prioritised and assessed, and provides value for money.

Our audit approach will be:

Staff will be interviewed to understand current asset management systems, procedures and controls. The controls in place will then be compared against good practice.

A sample of items will also be tested to ensure that asset maintenance, disposal and capital appraisal and approval controls are working effectively.

Tayside Valuation Joint Board Internal Audit Annual Plan 2016/17

Audit Assignment:	Follow-Up Reviews
Priority:	Various
Joint Board Meeting:	June 2017
Days:	1

Scope

As part of the internal audit programme at the Board for 2016/17 we will review the recommendations raised within internal audit reports issued in 2015/16 and obtain an update on these. Areas covered during 2015/16 were:

- Report 2016/02 – Health and Safety;
- Report 2016/03 – Council Tax;
- Report 2016/04 – Electoral Register;
- Report 2016/05 – Budget Setting and Budgetary Control;
- Report 2016/06 – Corporate Planning;
- Report 2016/07 – Follow-up; and
- Report 2016/09 – Data Protection / Fol

There are also five outstanding recommendations from previous years 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 2015/16 and outstanding actions from previous years have been appropriately implemented and to ensure where little or no progress has been made towards implementation, that plans are in place to progress them.

Our audit approach will be:

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

Internal Audit Charter

Internal Audit Charter

Internal auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of Tayside Valuation Joint Board ('TVJB').

It assists TVJB in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of TVJB's risk management, control, and governance processes.

Definitions

Within this Internal Audit Charter the 'Board' is defined as the Board of Management of TVJB and 'senior management' is defined as TVJB's Senior Management Team.

'Henderson Loggie' is the external provider of internal audit services and Cathie Wyllie is the Partner with Head of Internal Audit Service (Head of IAS) responsibility.

Role

The Board has responsibility for maintaining an effective internal audit provision. Henderson Loggie's responsibilities are defined by the Board as part of their oversight role through the contract in place following a tender exercise in 2016.

Professionalism

The internal audit activity will govern itself by adherence to relevant professional standards and guidelines, including those set out by the Institute of Internal Auditors (IIA), the Public Sector Internal Audit Standards (PSIAS) and Seven Principles of Public Life as set by the Committee on Standards of Public Life. This guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of Henderson Loggie's performance.

The IIA's Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to TVJB's relevant policies and procedures and Henderson Loggie's standard operating procedures manual.

Authority

Henderson Loggie, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of TVJB's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities. The Head of IAS will also have free and unrestricted access to the Chair of the Board, the Assessor and the Treasurer.

Internal Audit Charter

Organisation

The internal audit activity will report operationally to the Assessor and functionally to the Assessor, the Treasurer and the Board.

The Head of IAS will communicate and interact directly with the Board, including attending (or being represented at) meetings and between meetings as appropriate.

Independence and objectivity

The internal audit activity will remain free from interference by any element in TVJB, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor's judgment.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

Henderson Loggie has ongoing procedures in place to review and maintain the independence of the audit team. Should any conflict of interest or impairment in independence become known Henderson Loggie will discuss this with the Assessor and Treasurer and take steps to mitigate the conflict. The nature of the matter and how it has been dealt with will be reported to the Board at their next meeting.

Before Henderson Loggie undertakes any non-audit activities it will consider whether there are any conflicts of interests. If mitigating controls cannot be implemented to remove conflicts of interest then the non-audit activity will not be undertaken.

Henderson Loggie will confirm their organisational independence to the Board, at least annually.

Internal Audit Charter

Responsibility

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of TVJB's governance, risk management, and internal control processes in relation to TVJB's defined goals and objectives. Internal control objectives considered by internal audit include:

- Consistency of operations or programs with established objectives and goals and effective performance;
- Effectiveness and efficiency of operations and employment of resources;
- Compliance with significant policies, plans, procedures, laws, and regulations;
- Reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information; and
- Safeguarding of assets.

Internal audit is responsible for evaluating all processes ('audit universe') of TVJB including governance processes and risk management processes. It also maintains a proper degree of coordination with the external auditors.

Internal audit may perform consulting and advisory services related to governance, risk management and control as appropriate for TVJB. It may also evaluate specific operations at the request of the Board or management, as appropriate.

Based on its activity, internal audit is responsible for reporting significant risk exposures and control issues identified to the Board and to senior management, including fraud risks, governance issues, and other matters needed or requested by the Board.

Fraud

The risk of fraud will be considered as part of the planning for each internal audit engagement and where considered appropriate internal audit work will be undertaken to provide assurance over fraud risks.

The role of internal audit in fraud-related work will be to assist management as considered best and in line with the Fraud Policy.

Internal audit plan

At least annually, Henderson Loggie will submit to the Board an internal audit plan for review and approval, including risk assessment criteria. The internal audit plan will include timing as well as budget and resource requirements for the next fiscal year. Henderson Loggie will communicate the impact of resource limitations and significant interim changes to senior management and the Board.

The internal audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input of senior management and the Board. Prior to submission to the Board for delegated Board approval, the plan will be discussed with appropriate senior management. Any significant deviation from the approved internal audit plan will be communicated through the periodic activity reporting process.

Internal Audit Charter

Reporting and monitoring

A written report will be prepared and issued by Henderson Loggie following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Board.

The internal audit report will include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response should include a responsible officer, timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

Henderson Loggie will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

An Annual Report summarising the work for the fiscal year, and including information on internal audit performance will be presented to management and the Board by June each year. The Annual Report will incorporate the annual internal audit opinion that can be used by TVJB to inform its governance statement.

Periodic assessment

The Head of IAS is responsible also for providing periodically a self-assessment on the internal audit activity as regards its consistency with the Internal Audit Charter (purpose, authority, responsibility) and performance relative to its Plan. A progress update on the agreed Plan will be provided verbally to each Board meeting if required and the overall assessment will be included in the Annual Report.

In addition, Henderson Loggie will communicate to senior management and the Board on Henderson Loggie's on-going quality assurance and improvement program, including results of internal and external quality assessments.

Signed by:

Cathie Wyllie, Partner, Henderson Loggie Head of Internal Audit Service to Tayside Valuation Joint Board

Date

Alastair Kirkwood, Assessor, Tayside Valuation Joint Board

Date



Tayside Valuation Joint Board

Data Protection / FoI

Internal Audit Report No: 2016/09

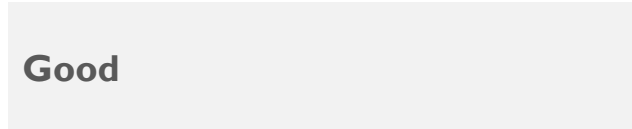
Draft Issued: 27 July 2016

Final Issued: 27 July 2016



LEVEL OF ASSURANCE

Good



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Level of Assurance

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

Gradings are defined as follows:

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

Action Grades

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

1. Overall Level of Assurance

Good	System meets control objectives.
-------------	----------------------------------

2. Risk Assessment

This review focussed on the controls in place to mitigate the following risks:

- 5.1 – Legislative changes affecting statutory authority (risk rating: low); and
- 6.2 – Unauthorised access to electoral register/ application forms and data (risk rating: medium).

3. Background

As part of the Internal Audit programme at Tayside Valuation Joint Board ('the Board'), for 2015/16, we carried out a review of the data protection and freedom of information 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.

There are eight Data Protection principles and compliance with these principles is fundamental to the purpose of the Data Protection Act. These principles state that data is to be fairly and lawfully processed; processed for the stated purposes only; adequate, relevant and not excessive; accurate; kept for no longer than necessary; processed in accordance with the individual's rights; secure and not transmitted out-with the European Economic Area (EEA) without adequate protection.

In accordance with the Data Protection Act 1998, the Board should set appropriate security safeguards for the personal information it processes. All data, sources of data and disclosure which relate to an individual, must be registered under the Act. The Board currently has an entry on the Data Protection Register (expiring 27 June 2017) in respect of personal data held for relevant purposes.

The Freedom of Information (Scotland) Act 2002 (FoI(S)A) came into effect on 1 January 2005, entitling individuals to see information held by public authorities as defined by the Scottish Information Commissioner. This includes information recorded on paper, computer files (including e-mails), video and microfiche. Under the FoI(S)A, all Scottish public authorities have a statutory obligation to respond to FoI requests within 20 working days; however authorities have the right to withhold information if it falls under one of the exemptions listed in the FoI(S)A. Where information is withheld, the reasons for non-disclosure must be notified to the individual making the request.

Under the FoI(S)A the Board is required to have its own Publication Scheme which is accessible on the Board's website, as a guide to the information available; where it can be found; and whether or not it is available free of charge.

4. Scope, Objectives and Overall Findings

The audit focussed on the arrangements in place within the organisation to ensure compliance with the Data Protection Act 1998 and the Freedom of Information (Scotland) Act 2002 (FoI(S)A).

The table below notes each separate objective for this review (which collectively underpin the overall objective) and records the results:

Objective	Findings		
	1	2	3
The objective of this audit was to obtain reasonable assurance that:	No. of Agreed Actions		
1. Members of staff have been formally appointed with overall responsibility for implementation of the Data Protection Act 1998 and the FoI(S) Act 2002.	Good	0	0
2. Responsibilities for these members of staff have been clearly documented and communicated to all staff.	Good	0	0
3. Sufficient time has been made available for key individuals to meet their responsibilities.	Good	0	0
4. Data Protection and Freedom of Information policies and procedures exist within the Board, that they comply with legislation, are revisited and revised regularly and are effectively communicated to all staff.	Good	0	0
5. The Board has developed an awareness and training programme for all staff, including sufficient awareness training during the induction process and that all staff have received this training.	Good	0	0
6. Systems are in place to capture, record and monitor the number and types of Freedom of Information requests received, including the number of exempt requests and the number of requests responded to within / out with 20 working days.	Good	0	0
Overall Level of Assurance	Good	0	0
		System meets control objectives.	

5. Audit Approach

The Assessor and Depute Assessor in their roles as Data Protection and Freedom of Information Officer respectively were interviewed to determine current working practices, and systems in place within the Board in relation to Data Protection and Freedom of Information were documented.

Data Protection and Freedom of Information policies and procedures were reviewed to ensure compliance with legislation. We also established through discussions with the Data Protection / Freedom of Information Officer and documentary review, whether there is an adequate system in place to ensure policies and procedures are revisited and revised regularly and effectively communicated to staff.

The current training programme, including induction training for new starts, was reviewed to ensure adequate coverage of Data Protection and Freedom of Information.

The system in place to capture, record, and monitor the numbers and types of Freedom of Information requests received was also reviewed.

6. Summary of Main Findings

Strengths

- A member of staff has been formally appointed with overall responsibility for implementation of the Data Protection Act 1998 and FoI(S)A 2002;
- Data Protection responsibilities are documented within staff job descriptions;
- Staff responsible for Data Protection and FoI have sufficient time to meet their responsibilities;
- Staff induction training includes Data Protection and Freedom of Information;
- All staff have access to the Data Protection Policy and FoI(S)A policies and related procedures on the Board's website and internal computer network;
- Related policies and procedures are revisited and updated regularly; and
- The Board has developed an in-house computer system to record and monitor all FoI requests.

Weaknesses

- In recent years training and awareness of Data Protection and FoI has been incorporated into the induction process for new staff, however a formal programme of training in these areas has not been provided to all staff and we have recommended that this is done. Some training on data protection was provided to staff in 2013 as part of the Board's upgrade of its IT infrastructure in order to comply with the UK government's Public Service Network security standards, however this focussed on data security controls.

From 25 May 2018, the EU General Data Protection Regulation (GDPR) will affect every organisation that processes EU residents' personally identifiable information (PII). The GDPR will supersede national laws such as the UK Data Protection Act 1998. When the GDPR comes into force on 25 May 2018, all organisations that process the personally identifiable information of EU residents will be required to abide by a number of provisions. Following the results of the recent EU referendum it is still unclear whether new EU legislation such as the GDPR will be adopted in the UK, however the Board should monitor the situation and if it is adopted the Board should ensure that it has procedures in place to review and comply with the applicable requirements of the legislation.

7. Acknowledgements

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

8. Findings and Action Plan

Objective 1: Members of staff have been formally appointed with overall responsibility for implementation of the Data Protection Act 1998 and the FoI(S) Act 2002.

As noted on the Board's entry on the Information Commissioners' Office Data Protection Register, the Assessor, as Data Controller, is responsible for the implementation of the Data Protection Act 1998.

The Depute Assessor has been appointed by the Assessor as the officer responsible for the Board's Freedom of Information and Data Protection administration, and he is also Secretary to the Scottish Assessors' Association Governance Committee which considers Freedom of Information and Data Protection matters as they affect Assessors on a Scotland wide basis.

Objective 2: Responsibilities for these members of staff have been clearly documented and communicated to all staff.

Data Protection and FoI responsibilities are documented within staff job descriptions.

As previously noted at objective 1 the Depute Assessor has day-to-day responsibility for ensuring that the Board is compliant with the Data Protection Act and FoI(S) Act, including to ensure that relevant policies and procedures are compliant and that staff training needs with regards data protection are addressed. The existing Data Protection Policy sets out that the Board expects all elected members and employees to comply fully with the Data Protection Policy and the eight Data Protection Principles, and that it is the responsibility of the Assessor and Depute Assessor to ensure compliance with this policy. The Data Protection Policy is available to all employees and the public on the Board's website.

Objective 3: Sufficient time has been made available for key individuals to meet their responsibilities.

Both the Assessor and Depute Assessor interviewed during our review advised that they had sufficient time to meet their responsibilities. Staff members appear to have adequate time to perform the Data Protection tasks they understand to be part of their day to day role.

Due to the small number of FoI requests received by the Board, the Depute Assessor has made sufficient time available for him to meet his FoI responsibilities. This statement was supported by our review of the Board's system which records all FoI requests which noted that all responses received during 2015/16 had been provided within the statutory timeframe of 20 working days from the date of request being received (see also objective 6).

In his role of Secretary of the Scottish Assessors Association (SAA) Governance Committee., the Depute Assessor is regularly kept informed of any issues which may impact the Board. We understand that the SAA is currently working closely with the Scottish Information Commissioner's Office to ensure that data sharing agreements between the Valuation Joint Boards, Assessors and external parties meet the requirements of the Data Protection Act.

Objective 4: Data Protection and Freedom of Information policies and procedures exist within the Board, that they comply with legislation, are revisited and revised regularly and are effectively communicated to all staff.

A Data Protection Policy, which was last updated in October 2015, is available on the Board's website. The Policy outlines the roles and responsibilities of the Assessor, Depute Assessor, elected members of the Joint Board and all employees in complying with the Policy. The Policy also summarises the eight Data Protection Act Principles; the notification process; the process for dealing with subject access requests; and data security. The Policy is supported by a number of related Board policies, including:

- Retention Guidelines and Disposal Arrangements
- Information Technology - Electoral Registration Data Access and Building Security Policy
- Information Technology - Access Control Policy
- Information Technology - Security Policy
- Information Technology - Protective Monitoring Policy
- Information Technology - Security Incident & Weakness Policy
- Information Technology - Security of IT Systems - Guidance to Staff
- Information Technology - Procedure for Disposal of Media
- Government Security Classification, Handling and Disposal Policy

Following discussions between the SAA and the Scottish Information Commissioner's Office the Depute Assessor has recently redrafted a number of the Board's policies and procedures to ensure that these now comply with the FoI(S)A. At the time of our review these were expected to be presented to the Joint Board in August 2016 for approval. The Board and the Assessor are required to adopt and maintain a publication scheme and a guide setting out the classes of information that are available, the manner in which they intend to publish the information and whether a charge will be made for the information. Our review noted separate publication schemes have been developed for the Assessor and the Board.

In December 2014 the Scottish Information Commissioner's Office published an updated "Code of Practice on the discharge of functions by Scottish Public Authorities under the Freedom of Information (Scotland) Act 2002 and the Environmental Information (Scotland) Regulations 2004". From discussion with the Depute Assessor we noted that the Board's Governance Group considered the contents of the updated code of practice during the year which subsequently resulted in the Depute Assessor updating the Board's Freedom of Information Policy and related staff guidance documentation.

Objective 5: The Board has developed an awareness and training programme for all staff, including sufficient awareness training during the induction process and that all staff have received this training.

Observation	Risk	Recommendation	Management Response		
<p>In recent years significant improvements were made to the Board’s IT infrastructure and IT control environment in order to comply with the security standards as part the Board’s connection to the UK governments’ Public Services Network (PSN). As part of this work the Board was required to incorporate Data Protection and FoI training into the induction process for new staff. Our review noted that this is now in place, however a programme of training and awareness has not been developed for staff that were already in post prior to this. We understand that some basic Data Protection training was provided to staff at the time of the PSN upgrade but this did not cover all of the Data Protection areas and instead focussed on basic data security. It is good practice to provide awareness training on or shortly after appointment with updates at regular intervals or when required.</p>	<p>Many data security breaches are accidental and result from insider actions. The Board should brief all staff handling personal data on their data protection responsibilities.</p>	<p>R1 An awareness and training programme should be developed for all relevant staff and the level of training provided should be commensurate with their responsibilities and must ensure that staff are able to recognise an information request and immediately pass it on appropriately for action.</p>	<p>“Refresher” training will be provided to all staff in in conjunction with the roll out of the Board’updated guidance.</p> <p>To be actioned by: Depute Assessor</p> <p>No later than: 31/3/17</p> <table border="1" data-bbox="1617 1190 2103 1294"> <tr> <td data-bbox="1617 1190 1877 1294">Grade</td> <td data-bbox="1877 1190 2103 1294">3</td> </tr> </table>	Grade	3
Grade	3				

Objective 6: Systems are in place to capture, record and monitor the number and types of Freedom of Information requests received, including the number of exempt requests and the number of requests responded to within / out with 20 working days.

The Board has developed its own in-house system to record and track FoI requests. The Depute Assessor is the appointed FoI Officer and staff are aware to notify him of all FoI requests received. The Depute Assessor then records each request in the system.

We reviewed the FoI system and noted that very few requests are made to the Board each year with only three requests received in the year to 31 March 2016 (14 – year to 31 March 2015). The system records the date the request was received, the type of request made, allocates responsibility to the staff dealing with the request and automatically calculates the date of the 20 working day timescale by which the Board must respond to the request.

From a review of FoI requests logged in the system for the year ended 31 March 2016 we did not identify any that had not been responded to within 20 working days. We also identified several received in 2016/17 which had either been responded to within 20 working days or were in the process of being responded to within 20 working days.

We noted that the system does not have a database enquiry tool which would allow more efficient monitoring of FoI requests by enabling system users to generate a report showing all FoI requests logged and their current status. Further development of the system by the Board's IT team would be required to provide this additional functionality. Given that the Board currently receives a low number of requests and our review noted that all were responded to within the 20 working days timescale there would be little benefit in developing the system at this time. The Depute Assessor is aware of the system limitations and will consider further development in the future if the number of FoI requests increases significantly.

Since April 2013 an online quarterly return of FoI statistics has been made to the Scottish Information Commissioner. Statistical data and relevant background information in relation to matters arising in respect of Freedom of Information and Data Protection issues are reported annually to the Joint Board.



Tayside Valuation Joint Board

**Audit Needs Assessment and Strategic Plan
2016 to 2019**

July 2016

Internal Audit Report No: 2017/01

Draft Issued: 20 July 2016

Final Issued: 26 July 2016

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Introduction

We have been appointed as Internal Auditors of the Tayside Valuation Joint Board ('the Board') for the period from 1 April 2016 to 31 March 2019.

Internal audit primarily provides an independent and objective opinion to the Joint Board and to the Assessor on risk management, control and governance, by measuring and evaluating their effectiveness in achieving the Board's agreed objectives. In addition, internal audit's findings and recommendations are beneficial to line management in the audited areas.

Risk management, control and governance comprise the policies, procedures and operations established to ensure the achievement of objectives, the appropriate assessment of risk, the reliability of internal and external reporting and accountability processes, compliance with applicable laws and regulations, and compliance with the behavioural and ethical standards set for the Board.

Internal audit also provides an independent and objective consultancy service specifically to help line management improve the Board's risk management, control and governance.

Risk Consideration

There are a number of regulatory, operational and financial risks faced by any organisation. There are also risks that are specific to individual organisations, and which vary over time. All of these risks need to be managed effectively since they cannot be eliminated entirely.

The purpose of this ANA is to identify these risks, and assess the audit coverage required to give the Joint Board and Assessor assurances that the control environment is effective in reducing the risks to an acceptable level.

Where the Board's risks can be impacted by internal control and subjected to internal audit these have been identified in the ANA and prioritised in the Strategic Plan with reference to the combined risk factors identified in the ANA (pages 3-9) and the resources allocated by the Board to internal audit. Prioritisation affects frequency of visits, the number of days allocated, and the position in the audit cycle.

The Board's strategic and operational risks do not exist in isolation but are inter-dependent. We will therefore ensure that audit projects are linked where necessary, and results from relevant previous projects will be taken into consideration at the detailed planning stage of each project.

Audit Needs Assessment

Our ANA involved the following activities:

- Reviewing the Board's risk register
- Reviewing the Board's strategic and operational plans
- Reviewing previous internal audit reports
- Reviewing external audit reports and plans
- Reviewing the Board's website and internal policies and procedures
- Utilising our experience at similar organisations and our understanding of the Board
- Discussions with the Assessor and other Board Officers

Information from discussions with the Assessor and various documents that we have reviewed identified the following issues as being the main strategic, operational, financial and regulatory issues facing the Board at this time:

- Managing any future cuts in revenue and capital funding;
- Monitoring of performance against Key Performance Indicators for the Valuation Roll, Valuation List and Electoral Register;
- Review of procedures and practices within the organisation to ensure that service delivery proceeds in the most effective manner;
- Maintenance of relationships with the three Unitary Authorities, Scottish Assessors' Association and the Valuation Office Agency and communication with the general body of Council Tax payers, ratepayers and electors, their agents and representatives, local councillors, MPs and MSPs; and
- Preparation for the revaluation of non-domestic properties which will take effect in April 2017.

The ANA and Strategic Plan are revised on an on-going basis (at least annually) to take account of any changes in the Board's risk profile. Any changes to the internal audit plan are approved by the Joint Board.

Value for Money

This ANA does not specifically address Value for Money projects. However, VFM is an integral part of all audits and therefore it has been mentioned at points within this ANA. VFM is always considered during any audit work that we are undertaking.

Business Improvement

We will draw on the experience within our team to provide input on the use of a wide range of business improvement tools, including the use of lean systems and methodologies, where this is appropriate

Audit Needs Assessment

The Audit Needs Assessment (ANA) has been made following discussion with the Assessor and Depute Assessor and with reference to the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom. Work in the previous three-year cycle has been used to update the key control environment. The ANA has been prepared on the basis of the normal three-year internal audit cycle, covering the period 2016/17 to 2018/19.

The ANA is based on the Board's Risk Register supplemented by our own assessment of the risks faced by the Board. Risks have been split into nine categories: reputation; council tax; non-domestic rates; electoral register; staffing issues; estates and facilities; financial issues; organisational issues; and information and IT.

The assessment covers the main areas where the Board is exposed to risk that can be managed through internal control, and which therefore should be considered for examination by internal audit. The assessment has taken no account of the resources available to carry out the work, although **items included in the Strategic plan on pages 11 to 13 are noted in bold in the ANA.**

Following identification of the key controls and associated risks we have assessed the different areas of risk using the following criteria:

- **Risk Impact**
- **Risk Likelihood**
- **Present Controls**

From the combination of results of these three criteria and current assurance mechanisms, the work required and the resource recommended to test whether the controls are in place and operating has been assessed. Audit coverage in recent years has also been taken into consideration, together with current systems developments.

Risk Category	Risk Register Reference	Risk Impact	Risk Likelihood	Present Controls	Assurance	Priority
Reputation						
<input type="checkbox"/> Damage to Reputation	6.1	High	Medium	Good	Integrity Plan in place which is regularly reviewed by the management team. H&S Policies/Guidelines are in place covering Health & Safety and Safe Working Arrangements. H&S issues reported to the H&S Working Group. H&S Annual Report presented to the Joint Board. Review timetable for policies and procedures to be updated. Assessor is a member of the Scottish Assessors Association which provides information re relevant legislations, regulation and good practice. Regular Joint Board meetings held with minutes and papers available to public.	Medium
<input type="checkbox"/> Management of Health and Safety	4.7	Medium	Low	Good		Low
<input type="checkbox"/> Failure to Adhere to Changes in Legislation	1.1, 4.6, 5.1, 7.4	Medium	Medium	Good		Low
<input type="checkbox"/> Performance Reporting		Medium	Low	Good		Medium
Council Tax						
<input type="checkbox"/> Maintenance of the Accuracy of Records Relating to Property Bandings	5.2	Medium	Low	Good	Council planning department warrant registers regularly reviewed and details of house sales received from Registers of Scotland. All entries reviewed by Senior Valuer. All banding changes are detailed on a weekly Council Tax Interface Report and these are checked by an Assistant Assessor or Principal Valuer. Proposals and appeals recorded in system and reports monitored to track compliance with response timescales. Changes to Valuation List independently verified by senior staff.	Medium
<input type="checkbox"/> Valuation and Updating Procedures	5.2	Medium	Low	Good		Medium
<input type="checkbox"/> Administering Proposals	5.2	Medium	Low	Good		Medium
<input type="checkbox"/> Control of Input to the Valuation List	5.2	Medium	Medium	Good		Medium

Risk Category	Risk Register Reference	Risk Impact	Risk Likelihood	Present Controls	Assurance	Priority
Non Domestic Rates						
<input type="checkbox"/> Maintenance of the Accuracy of Records Relating to Current Property Values	5.2	Medium	Low	Good	Lists of properties sold are received monthly from the Registers of Scotland which is used to confirm that the Board's records are up to date in respect of proprietors and ownership of properties. Changes in ownership advised by the Unitary Authorities' NDR departments.	Medium
<input type="checkbox"/> Valuation and Updating Procedures	5.2	Medium	Low	Good	All property valuations are conducted by qualified valuers.	Medium
<input type="checkbox"/> Administering Appeals	5.2	Medium	Low	Good	All Appeals checked by a Senior Valuer.	Medium
<input type="checkbox"/> Control of Input to the Valuation Roll	5.2	Medium	Medium	Good	Only authorised staff can input changes to the Valuation Roll.	Medium
Electoral Register						
<input type="checkbox"/> Maintenance of Accuracy of the Electoral Register	Section 6	Medium	Medium	Good	Annual canvas of households conducted. Council Tax records, used by clerical staff at the Angus and Perth office used to update the computerised Electoral system (EROS) on a weekly basis. Details taken from the Annual voter registration forms are input into EROS and independently checked.	Medium

Risk Category	Risk Register Reference	Risk Impact	Risk Likelihood	Present Controls	Assurance	Priority
Staffing Issues						
<input type="checkbox"/> Equalities Legislation	4.6	Medium	Low	Good	Regular review of policies and procedures. Mainstreaming equality report in place in accordance with the Equalities Act 2010. Performance and Grievance Procedure. Regular review of terms and conditions of employment and remuneration is conducted at a national level. Service Level Agreement with Dundee City Council to provide payroll administration. Recruitment strategies and career structure/progression opportunities for staff. Staff Development Review scheme in place.	Low
<input type="checkbox"/> Contentious Staffing Issues	4.5	Medium	Low	Good		Low
<input type="checkbox"/> Industrial Relations	4.1	Low	Low	Good		Low
<input type="checkbox"/> Controls Over Payroll	5.2	Medium	Low	Good		Low
<input type="checkbox"/> Failure to Attract and Retain Quality Staff	4.5	Medium	Low	Good		Low
<input type="checkbox"/> Staff training and Development	4.5	Medium	Low	Good		Low
Estates and Facilities						
<input type="checkbox"/> Physical Security		Medium	Low	Good	Physical security subject to annual PSN compliance check.	Low
<input type="checkbox"/> Disruption to Operations Following Loss or Breakdown of Key Equipment	1.1, 1.2	Medium	Medium	Good	Detailed Business Continuity and Disaster Recovery Plans in place and tested.	Medium
<input type="checkbox"/> Asset Management	1.2	Medium	Low	Good	Maintenance of inventory of assets and regular physical inspection. Authorisation procedures for asset purchases and disposals.	Low
<input type="checkbox"/> Breach of Statutory Duty	1.3	Medium	Low	Good	Regular review of legislation requirements, and Health and Safety Working Group and Safety Officers appointed.	Low

Risk Category	Risk Register Reference	Risk Impact	Risk Likelihood	Present Controls	Assurance	Priority
Financial Issues						
<input type="checkbox"/> Failure to Receive Required Funding	2.1	High	Low	Good	Structured budgetary process in place with input provided by Board Treasurer and constituent Authorities Finances Directors. External audit review.	Medium
<input type="checkbox"/> Agreed Expenditure Targets Not Met	2.2, 2.3	Low	Low	Good	Budget monitoring procedures in place with quarterly reports provided to the Treasurer and Joint Board. The Board maintains an adequate level of reserves to ensure that any risk is minimised. Purchasing / procurement procedures in place.	Low
<input type="checkbox"/> Prevention and Response to Internal Fraud, Impropriety or Misconduct On the Part of Staff	2.4	Low	Low	Good	Validation and authorisation procedures and fraud guidelines in place.	Low
<input type="checkbox"/> Main Financial Systems		Medium	Low	Good	General Ledger System with Management Information Reporting Tools provided by DCC as part of Financial Services SLA.	Low
• General Ledger		Medium	Medium	Good	Procurement policy and procedures in place. Processing of the online Creditor Ledger System provided by DCC as part of SLA. Payments processed by DCC, with review of cheque and BACS runs by the Administration Manager.	Medium
• Procurement and Creditors / Purchasing		Medium	Medium	Good		Medium
• Debtors / Income		Low	Low	Good	Financial Regulations specify procedures for raising invoices and income handling.	Low
• Cash and Bank / Treasury Management		Low	Low	Good	Banking / Treasury Management services provided by DCC as part of Financial Services SLA.	Low

Risk Category	Risk Register Reference	Risk Impact	Risk Likelihood	Present Controls	Assurance	Priority
Organisational Issues						
<input type="checkbox"/> Widespread or Epidemic / Pandemic Illness	4.2	Medium	Low	Good	Business Continuity Plan and Business Continuity Disaster Recovery Plan in place and tested. Code of Corporate Governance in place. Member training provided through constituent Councils. Regular review of strategic planning process by management and Joint Board. Risk Management Strategy and Risk Register in place and reported to the Joint Board annually. Service Level Agreement with DCC Insurance and Risk Management Section provides necessary advice.	Low
<input type="checkbox"/> Major Disaster, e.g. fire, flood, explosion	1.2	High	Low	Good		Low
<input type="checkbox"/> Corporate Governance and Overall Control Environment		Medium	Medium	Good		Medium
<input type="checkbox"/> Effective Corporate Planning		Medium	Low	Good		Low
<input type="checkbox"/> Risk Management		Medium	Medium	Good		Medium
<input type="checkbox"/> Insurance Arrangements	2.5	Medium	Low	Good		Low

Risk Category	Risk Register Reference	Risk Impact	Risk Likelihood	Present Controls	Assurance	Priority
Information and IT						
<input type="checkbox"/> Failure of third party system providers	3.1	High	Low	Good	Contractual arrangements and system maintenance agreements are in place. Data encryption, challenge response and username and password access controls in place to PSN equivalent standard. Third Party Network company provides network monitoring service. Firewall and Anti-Virus software in place. Annual independent PSN accreditation check in place. Publication schemes in place for TVJB and Assessor. Data Protection Officer and Records Manager appointed. FOI and Data Protection policies in place (incorporating Data Protection Principles). Guidelines on e-mail and Internet use are in place. All internet and e-mail traffic is recorded and may be monitored. IT Strategy in place which is reviewed annually by IT Working Group.	Medium
<input type="checkbox"/> Breach of security surrounding connections to third party systems	3.3	Medium	High	Good		Medium
<input type="checkbox"/> Loss of Data or IT Hardware	3.2, 3.7, 3.9	Medium	Medium	Good		Medium
<input type="checkbox"/> Breach of IT Network Security	3.3, 3.2	Medium	High	Good		Medium
<input type="checkbox"/> Non-Compliance with Data Protection / Freedom of Information Legislation		Medium	Low	Good		Low
<input type="checkbox"/> Inappropriate use of Internet / E-mail by staff	3.8	Medium	Medium	Good		Medium
<input type="checkbox"/> IT Strategy		Low	Low	Good		Low

Strategic Plan

The Strategic Plan covers the normal three-year internal audit cycle. Audit days have been allocated to the categories identified in the ANA to give a rolling programme of work. Where relevant, these have been further split into sub-categories. Frequency of visits, the number of days allocated, and the position in the cycle has been determined with reference to the combined risk factors identified in the ANA, previous internal audit findings and current systems developments. Not all medium priority items can be covered in the cycle. Reference to other assurance methods has influenced which of these have not been included. Some low priority items have been included in the programme as planned changes to legislation, or the Board's procedures mean the current risk assessment needs to be confirmed.

The previous internal audit coverage in the table below notes the overall assessment of the system for 2015/16 audits, when this was introduced as part of the audit conclusion. The assessment levels available are:

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

There is an expectation by external auditors that some element of review is included in the internal audit programme each year in relation to core financial systems and budgetary processes and controls. This has been taken into consideration in formulating the Strategic Plan.

Audit Methodology

Prior to commencement of the work each year the Strategic Plan will be reviewed in advance of the production of the Annual Plan. The Annual Plan will give more detail of the risks to be covered and the work to be carried out in each area. The process will include discussion with officers, the Board's external auditors and the Joint Board as appropriate.

Once the Annual Plan has been agreed an audit timetable will be set and detailed planning will be carried out for each area. In all cases the audit work involves:

- Identification of the expected controls.
- Review of systems to identify actual controls.
- Consideration of established Best Practice in the area.
- Testing of controls to ensure they are operating effectively.
- Consideration of VFM issues where appropriate on all audit assignments and conducting specific VFM reviews as agreed with the Board's officers and the Joint Board.
- Consideration of the relevance of business improvement tools, including lean systems and methodologies, to individual audit assignments.
- Discussion of findings and our likely recommendations with the relevant managers and staff involved with the systems. Recommendations will be graded to help management prioritise their importance.
- Issue of a draft report to confirm factual accuracy and obtain official management responses for inclusion in the final report.
- Issue of a final report that summarises audit objectives; work carried out; the implications of the findings for internal control; and an action plan with areas for improvement, allocated responsibility for the implementation and a timeframe for completion.
- Follow-up of action plans in future years.

Tayside Valuation Joint Board Strategic Plan 2016/17 to 2018/19

Proposed Allocation of Audit Days

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Reputation						
Compliance with Legislation	1.1, 4.6, 5.1, 7.4	All years		3		To ensure that there are effective arrangements to review compliance with The Procurement Reform (Scotland) Act 2014, The Public Contracts (Scotland) Regulations 2015 (which transpose the public procurement Directive) and The Procurement (Scotland) Regulations 2016 (which were made under the Act). Compliance with relevant legislation will also be considered where applicable on all audits.
Performance Reporting		2013/14	3			To ensure that the format, content and timeliness of management information, both financial and non-financial, provided to senior management and to the Joint Board, focusses on what is set out in the Annual Public Performance Report. We will also consider whether the information reported to the Joint Board is appropriate, and whether such information is accurate and easy to understand for those who use it.
Council Tax						
Maintenance of the Accuracy of Records Relating to Property Bandings / Valuation and Updating Procedures / Administering Proposals / Control of Input to the Valuation List	5.2	2015/16 Good			5	To review the adequacy and effectiveness of the controls and procedures in place to ensure the accuracy of records relating to all domestic properties within the Board's area and that all property bandings are appropriate and only approved changes, new entries, deletions and amendments, proposals and appeals are made to the Valuation List.

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Non-Domestic Rates						
Maintenance of the Accuracy of Records Relating to Current Property Values / Valuation and Updating Procedures / Administering Appeals / Control of Input to the Valuation Roll	5.2	2014/15	3	4		2016/17: To review the Board's preparations for revaluation of non-domestic properties in April 2017. 2017/18: To review adequacy and effectiveness of the controls and procedures in place to ensure that the records relating to current property values are up to date and accurate, valuations and appeals are dealt with appropriately and timeously, and appropriate controls are in place over entries and amendments made to the Valuation Roll.
Electoral Register						
Maintenance of Accuracy of the Electoral Register	Section 6	2015/16 Good			4	To review the adequacy and effectiveness of the controls and procedures in place to ensure that the Register of Electors published annually for the Angus and Perth & Kinross council areas are up-to-date and accurate.
Estates and Facilities						
Asset Management		2013/14	4			To establish whether the Board's asset management arrangements ensure that assets are safeguarded and that capital expenditure plans are appropriate and in line with the Board's strategic objectives. A high level review of the Board's property lease options will also be considered.
Organisational Issues						
Risk Management / Business Continuity Planning	1.2, 4.2	2014/15			2	To undertake a high level review of the Board's procedures for assessing, monitoring and mitigating risk. We will also consider whether there are adequate plans in place to minimise disruption to operations following loss of life, buildings or equipment and that these are regularly tested.

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Corporate Governance		2013/14		4		Cyclical check to undertake a high-level review of the corporate governance arrangements in place within the Board to ensure that the governance framework represents best practice as set out in the updated CIPFA code of practice expected to be published in September 2016. We will also review the Scheme of Delegation and Standing Orders.
Other Audit Activities						
Management & planning, attendance at Joint Board meetings & liaising with external audit			2	2	2	
Follow-up			1	2	2	Follow up of outstanding internal audit recommendations.
ANA			2	-	-	
Total			15	15	15	

Work History 2010/11 – 2015/16

	10/11 Days	11/12 Days	12/13 Days	13/14 Days	14/15 Days	15/16 Days
Reputation						
Health and Safety			3			3
Performance reporting				4		
Staffing Issues						
Payroll and HR / staff training and development)						
Payroll	4			4		
Estates and Facilities						
Physical Security)						
Asset management)	4			3		
Non Domestic Rates		8			6	
Council Tax			8			5
Electoral Register			4			4
Financial Issues						
Budget setting / budgetary control			4			3
General ledger	3			3		
Procurement and creditors / purchasing		5			4	
Debtors / income						
Cash & bank / Treasury management						
Organisational Issues						
Risk management / Business continuity		5			5	
Corporate governance and control environment)	6			3		
Corporate planning)			5			2
Insurance arrangements						
Information and IT						
IT network arrangements / data security		6			4	
Systems development / implementation	4					3
Data protection / FOI						
Other Audit Activities						
Management and Planning)	5	4	4	4	4	4
External audit)						
Attendance at committees)						
Follow-up reviews	2	2	2	2	2	2
ANA	4			4		
Total	<u>32</u>	<u>30</u>	<u>30</u>	<u>27</u>	<u>25</u>	<u>26</u>
	=====	=====	=====	=====	=====	=====



Tayside Valuation Joint Board

Internal Audit Annual Plan 2016/17

Internal Audit Report No: 2017/02

Draft Issued: 29 July 2016

Final Issued: 1 August 2016



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1. Introduction

- 1.1 The purpose of this document is to present to the members of Tayside Valuation Joint Board ('the Board') the annual internal audit operating plan for the year ended 31 March 2017. The plan is based on the proposed allocation of audit days for 2016/17 set out in the Audit Needs Assessment and Strategic Plan 2016 to 2019. The preparation of the Strategic Plan involved dialogue with management and with the Treasurer.
- 1.2 At Section 3 of this report we have set out the outline scope and objectives for each audit assignment to be undertaken during 2016/17, 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.
- 1.4 Our audit service complies with the Public Sector Internal Audit Standards (PSIAS).

2. Strategic Plan 2016 to 2019

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Reputation						
Compliance with Legislation	1.1, 4.6, 5.1, 7.4	All years		3		To ensure that there are effective arrangements to review compliance with The Procurement Reform (Scotland) Act 2014, The Public Contracts (Scotland) Regulations 2015 (which transpose the public procurement Directive) and The Procurement (Scotland) Regulations 2016 (which were made under the Act). Compliance with relevant legislation will also be considered where applicable on all audits.
Performance Reporting		2013/14	3			To ensure that the format, content and timeliness of management information, both financial and non-financial, provided to senior management and to the Joint Board, focusses on what is set out in the Annual Public Performance Report. We will also consider whether the information reported to the Joint Board is appropriate, and whether such information is accurate and easy to understand for those who use it.
Council Tax						
Maintenance of the Accuracy of Records Relating to Property Bandings / Valuation and Updating Procedures / Administering Proposals / Control of Input to the Valuation List	5.2	2015/16 Good			5	To review the adequacy and effectiveness of the controls and procedures in place to ensure the accuracy of records relating to all domestic properties within the Board's area and that all property bandings are appropriate and only approved changes, new entries, deletions and amendments, proposals and appeals are made to the Valuation List.

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Non-Domestic Rates						
Maintenance of the Accuracy of Records Relating to Current Property Values / Valuation and Updating Procedures / Administering Appeals / Control of Input to the Valuation Roll	5.2	2014/15	3	4		2016/17: To review the Board's preparations for revaluation of non-domestic properties in April 2017. 2017/18: To review adequacy and effectiveness of the controls and procedures in place to ensure that the records relating to current property values are up to date and accurate, valuations and appeals are dealt with appropriately and timeously, and appropriate controls are in place over entries and amendments made to the Valuation Roll.
Electoral Register						
Maintenance of Accuracy of the Electoral Register	Section 6	2015/16 Good			4	To review the adequacy and effectiveness of the controls and procedures in place to ensure that the Register of Electors published annually for the Angus and Perth & Kinross council areas are up-to-date and accurate.
Estates and Facilities						
Asset Management		2013/14	4			To establish whether the Board's asset management arrangements ensure that assets are safeguarded and that capital expenditure plans are appropriate and in line with the Board's strategic objectives. A high level review of the Board's property lease options will also be considered.
Organisational Issues						
Risk Management / Business Continuity Planning	1.2, 4.2	2014/15			2	To undertake a high level review of the Board's procedures for assessing, monitoring and mitigating risk. We will also consider whether there are adequate plans in place to minimise disruption to operations following loss of life, buildings or equipment and that these are regularly tested.

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Corporate Governance		2013/14		4		Cyclical check to undertake a high-level review of the corporate governance arrangements in place within the Board to ensure that the governance framework represents best practice as set out in the updated CIPFA code of practice expected to published in September 2016. We will also review the Scheme of Delegation and Standing Orders.
Other Audit Activities						
Management & planning, attendance at Joint Board meetings & liaising with external audit			2	2	2	
Follow-up			1	2	2	Follow up of outstanding internal audit recommendations.
ANA			2	-	-	
Total			15	15	15	

3. Outline Scope and Objectives

Audit Assignment:	Performance Reporting
Priority:	Medium
Joint Board Meeting:	TBC
Days:	3

Scope

The audit will consider the format, content and timeliness of management information, both financial and non-financial, provided to senior management and to the Joint Board in terms of the Annual Public Performance Report. We will also consider whether the information reported to the Joint Board is appropriate, and whether such information is accurate and easy to understand for those who use it.

Objectives of the Audit

The objective of our audit will be to obtain reasonable assurance that:

- the performance information needs of users have been identified and the information provided meets those needs;
- performance information is clearly set out, easily accessible, accurate, provided on a timely basis and readily understood by users;
- management information is available which:
 - reports on appropriate key performance indicators and, where applicable, on outputs, outcomes and impacts;
 - enables the impacts of key strategic and operational decisions to be measured;
 - allows income and costs and to be analysed at a more detailed level;
 - assists in forecasting;
- processes in place to provide and disseminate management information are efficient.

Audit Approach

A sample of Assistant Assessors will be interviewed and the Board's performance reports, and performance reporting procedures, will be reviewed to assess compliance with the above objectives.

**Tayside Valuation Joint Board
Internal Audit Annual Plan 2016/17**

Audit Assignment:	Non Domestic Rates
Priority:	Medium
Joint Board Meeting:	TBC
Days:	3

Scope

The next revaluation of non-domestic property in Scotland will take effect from 1 April 2017, with the date of valuation set at 1 April 2015. A revaluation results in the introduction of new valuation rolls which contain revised rateable values for all non-domestic properties in Scotland, subject to statutory exclusions. This audit will review the Board's preparations for revaluation of non-domestic properties in April 2017.

A further review of the adequacy and effectiveness of the controls and procedures in place to ensure that the records relating to current property values are up to date and accurate will be undertaken in 2017/18.

Objectives

To obtain reasonable assurance that good progress has been made in updating the underlying records held on the Boards' systems which are used in updating the Valuation Roll, including:

- property records held on the Board's systems record details of the rent payable in respect of each property at 1 April 2015; and
- sufficient evidence, including authorisation, is on file to support the rateable value assigned to properties on the Valuation Roll at 1 April 2015.

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 non-domestic rates valuation systems and compare these with expected controls. A sample of non-domestic property files will then be reviewed to ensure that records have been appropriately updated ahead of the revaluation effective from 1 April 2017.

Tayside Valuation Joint Board Internal Audit Annual Plan 2016/17

Audit Assignment:	Asset Management
Priority:	Medium
Joint Board Meeting:	TBC
Days:	4

Scope

This review will cover the arrangements in place for identifying, maintaining, reviewing and disposing of Board assets and the process for approving new capital spend.

Objectives

The main objective of our audit will be to establish whether the Board's asset management arrangements ensure that assets are safeguarded and that capital expenditure plans are appropriate and in line with the Board's strategic objectives. A high level review of the Board's property lease options will also be considered.

To conclude on this objective we will establish whether:

- there is a system for recording assets and checking physical existence of these on a regular basis;
- a maintenance plan is in place over the Board's assets which is appropriately monitored;
- existing assets are reviewed on a periodic basis to ensure that they effectively meet the needs of the Board;
- asset disposals are properly authorised and recorded and such assets are disposed of securely; and
- there is a capital appraisal and approval process which ensures that all capital spend is in line with the Board's strategy, has been appropriately prioritised and assessed, and provides value for money.

Our audit approach will be:

Staff will be interviewed to understand current asset management systems, procedures and controls. The controls in place will then be compared against good practice.

A sample of items will also be tested to ensure that asset maintenance, disposal and capital appraisal and approval controls are working effectively.

Tayside Valuation Joint Board Internal Audit Annual Plan 2016/17

Audit Assignment:	Follow-Up Reviews
Priority:	Various
Joint Board Meeting:	June 2017
Days:	1

Scope

As part of the internal audit programme at the Board for 2016/17 we will review the recommendations raised within internal audit reports issued in 2015/16 and obtain an update on these. Areas covered during 2015/16 were:

- Report 2016/02 – Health and Safety;
- Report 2016/03 – Council Tax;
- Report 2016/04 – Electoral Register;
- Report 2016/05 – Budget Setting and Budgetary Control;
- Report 2016/06 – Corporate Planning;
- Report 2016/07 – Follow-up; and
- Report 2016/09 – Data Protection / Fol

There are also five outstanding recommendations from previous years 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 2015/16 and outstanding actions from previous years have been appropriately implemented and to ensure where little or no progress has been made towards implementation, that plans are in place to progress them.

Our audit approach will be:

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

Internal Audit Charter

Internal Audit Charter

Internal auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of Tayside Valuation Joint Board ('TVJB').

It assists TVJB in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of TVJB's risk management, control, and governance processes.

Definitions

Within this Internal Audit Charter the 'Board' is defined as the Board of Management of TVJB and 'senior management' is defined as TVJB's Senior Management Team.

'Henderson Loggie' is the external provider of internal audit services and Cathie Wyllie is the Partner with Head of Internal Audit Service (Head of IAS) responsibility.

Role

The Board has responsibility for maintaining an effective internal audit provision. Henderson Loggie's responsibilities are defined by the Board as part of their oversight role through the contract in place following a tender exercise in 2016.

Professionalism

The internal audit activity will govern itself by adherence to relevant professional standards and guidelines, including those set out by the Institute of Internal Auditors (IIA), the Public Sector Internal Audit Standards (PSIAS) and Seven Principles of Public Life as set by the Committee on Standards of Public Life. This guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of Henderson Loggie's performance.

The IIA's Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to TVJB's relevant policies and procedures and Henderson Loggie's standard operating procedures manual.

Authority

Henderson Loggie, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of TVJB's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities. The Head of IAS will also have free and unrestricted access to the Chair of the Board, the Assessor and the Treasurer.

Internal Audit Charter

Organisation

The internal audit activity will report operationally to the Assessor and functionally to the Assessor, the Treasurer and the Board.

The Head of IAS will communicate and interact directly with the Board, including attending (or being represented at) meetings and between meetings as appropriate.

Independence and objectivity

The internal audit activity will remain free from interference by any element in TVJB, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor's judgment.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

Henderson Loggie has ongoing procedures in place to review and maintain the independence of the audit team. Should any conflict of interest or impairment in independence become known Henderson Loggie will discuss this with the Assessor and Treasurer and take steps to mitigate the conflict. The nature of the matter and how it has been dealt with will be reported to the Board at their next meeting.

Before Henderson Loggie undertakes any non-audit activities it will consider whether there are any conflicts of interests. If mitigating controls cannot be implemented to remove conflicts of interest then the non-audit activity will not be undertaken.

Henderson Loggie will confirm their organisational independence to the Board, at least annually.

Internal Audit Charter

Responsibility

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of TVJB's governance, risk management, and internal control processes in relation to TVJB's defined goals and objectives. Internal control objectives considered by internal audit include:

- Consistency of operations or programs with established objectives and goals and effective performance;
- Effectiveness and efficiency of operations and employment of resources;
- Compliance with significant policies, plans, procedures, laws, and regulations;
- Reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information; and
- Safeguarding of assets.

Internal audit is responsible for evaluating all processes ('audit universe') of TVJB including governance processes and risk management processes. It also maintains a proper degree of coordination with the external auditors.

Internal audit may perform consulting and advisory services related to governance, risk management and control as appropriate for TVJB. It may also evaluate specific operations at the request of the Board or management, as appropriate.

Based on its activity, internal audit is responsible for reporting significant risk exposures and control issues identified to the Board and to senior management, including fraud risks, governance issues, and other matters needed or requested by the Board.

Fraud

The risk of fraud will be considered as part of the planning for each internal audit engagement and where considered appropriate internal audit work will be undertaken to provide assurance over fraud risks.

The role of internal audit in fraud-related work will be to assist management as considered best and in line with the Fraud Policy.

Internal audit plan

At least annually, Henderson Loggie will submit to the Board an internal audit plan for review and approval, including risk assessment criteria. The internal audit plan will include timing as well as budget and resource requirements for the next fiscal year. Henderson Loggie will communicate the impact of resource limitations and significant interim changes to senior management and the Board.

The internal audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input of senior management and the Board. Prior to submission to the Board for delegated Board approval, the plan will be discussed with appropriate senior management. Any significant deviation from the approved internal audit plan will be communicated through the periodic activity reporting process.

Internal Audit Charter

Reporting and monitoring

A written report will be prepared and issued by Henderson Loggie following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Board.

The internal audit report will include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response should include a responsible officer, timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

Henderson Loggie will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

An Annual Report summarising the work for the fiscal year, and including information on internal audit performance will be presented to management and the Board by June each year. The Annual Report will incorporate the annual internal audit opinion that can be used by TVJB to inform its governance statement.

Periodic assessment

The Head of IAS is responsible also for providing periodically a self-assessment on the internal audit activity as regards its consistency with the Internal Audit Charter (purpose, authority, responsibility) and performance relative to its Plan. A progress update on the agreed Plan will be provided verbally to each Board meeting if required and the overall assessment will be included in the Annual Report.

In addition, Henderson Loggie will communicate to senior management and the Board on Henderson Loggie's on-going quality assurance and improvement program, including results of internal and external quality assessments.

Signed by:

Cathie Wyllie, Partner, Henderson Loggie Head of Internal Audit Service to Tayside Valuation Joint Board

Date

Alastair Kirkwood, Assessor, Tayside Valuation Joint Board

Date