

REPORT TO: TAYSIDE VALUATION JOINT BOARD - 21 NOVEMBER 2011

REPORT ON: RESPONSE TO EXTERNAL AUDITOR'S ANNUAL REPORT ON THE 2010/11 AUDIT - PREPARED FOR MEMBERS OF TAYSIDE VALUATION JOINT BOARD AND THE CONTROLLER OF AUDIT.

REPORT BY: TREASURER

REPORT NO: TVJB 21-2011

1 PURPOSE OF REPORT

This report is a response to the report prepared by the Board's External Auditor on the audit of Tayside Valuation Joint Board for the year ended 31 March 2011. A copy of the External Auditor's report and the Board's Audited Statement of Accounts are included on the agenda as separate items.

2 RECOMMENDATIONS

It is recommended that the Board:-

- i endorses this report as the formal response to the External Auditor's report;
- ii notes that the External Auditor's findings and conclusions are favourable;
- iii instructs the Treasurer to monitor the implementation of the agreed action plan appended to this report

3 FINANCIAL IMPLICATIONS

None.

4 MAIN TEXT

Introduction

- 4.1 The external audit of the Board for the financial year 2010/2011 was carried out by Mr Alasdair Craik, FCCA, Senior Audit Manager, Audit Scotland. The Joint Board's External Auditors are appointed for a five year period and the financial year 2010/2011 marked the final year of Audit Scotland's current appointment to the Board. KPMG LLP will be the External Auditor for the Board for the next five years.

External Auditor's Report

- 4.2 The External Auditor's report outlines his main responsibilities as auditor and describes the scope of audit work undertaken during 2010/2011 and the issues arising from that work. The report is divided into the following areas:
- Key Messages
 - Introduction
 - Financial statements
 - Financial position
 - Governance and accountability
 - Best Value, use of resources and performance
 - Action Plan

- 4.3 In addition to the Members of the Board, the External Auditor's Report is also addressed to the Controller of Audit at the Accounts Commission for Scotland. Given this wider audience, and the extent of the External Auditor's responsibilities and scope of work, his report is by necessity both fulsome and extensive. A copy of the report is included on the agenda as a separate item. Accordingly, it is not the intention of this report to provide a detailed response or commentary on all the External Auditor's findings.

Action Plan

- 4.4 This section summarises the key risk areas identified during the audit and the planned management action to be taken by the Board to address these risks. The External Auditor identified four key areas arising from his audit that require action by the Board as detailed below:

- The first key area relates to the fact that in preparing the Statement on the System of Internal Control, assurance is drawn from a number of sources including the work of internal audit. However, the Annual Report from the Internal Auditor was not received until after the Statement on the System of Internal Financial Control was signed.
- The second key area suggests that the Board's website should be used to distribute notices of meetings and provide access to minutes, agendas and reports to improve openness and accountability and enhance engagement with service users and stakeholders.
- The third key area relates to Key Performance Indicators and identifies that the current financial constraints on the public sector will make it harder to deliver continuous improvement or to maintain performance.
- Finally, the Auditor recommends that Officers should consider the impact of findings from national performance studies and take appropriate action to address relevant findings.

- 4.5 These matters have been considered carefully by the Tayside Valuation Joint Board officials and the completed action plan, incorporating the planned management action, is appended to this report and to the External Auditor's Report.

Conclusions

- 4.6 During 2010/2011, the External Auditor examined a number of areas covering a wide range of the Board's activities. It is pleasing to note that the auditor's overall findings and conclusions are satisfactory. In particular, the Board can take encouragement from the following:

- the accounts were submitted on time
- an unqualified opinion was issued on the financial statements
- final accounts preparation procedures and working papers were generally good
- assurance can be placed on the financial systems and internal financial controls used by the Board
- many aspects of a sound corporate governance framework are in place
- a fraud strategy and written procedures for investigating fraud are in place
- the Board has proper arrangements for securing best value in its use of resources.

5 POLICY IMPLICATIONS

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 identified.

6 CONSULTATIONS

The Assessor and Clerk to the Joint Board have been consulted on the content of this report.

7 BACKGROUND PAPERS

Audit Scotland: Tayside Valuation Joint Board - Annual report on the 2010/11 audit (October 2011).

**MARJORY M STEWART
TREASURER**

30 JANUARY 2012

Appendix A: action plan

Key Risk Areas and Planned Management Action

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
1	13	<p>Statement on the System of Internal Financial Control</p> <p>In preparing the Statement on the System of Internal Control assurance is drawn from a number of sources, including the work of internal audit. We note, however, that the board's Internal Auditor's Annual Report was not received until July 2011, after the date the Statement on the System of Internal Control was signed.</p> <p><i>Risk: there may not be sufficient assurance to fully support the assertions in the Statement on the System of Internal Financial Control.</i></p>	<p>An email from the board's Internal Auditor was received on 27th May 2011 which stated that they were not aware of any significant weaknesses or failures in the Board's system of internal financial control that could have a material effect on the operations of the Board.</p> <p>We will contact the Internal Auditor in due course to request that in future, the Annual Report be made available to us prior to the date on which the SSIFC is signed.</p>	Treasurer	June 2012
2	36.	<p>Processes and committees</p> <p>Using the board's website to distribute notices of meetings and provide access to minutes, agendas and reports would improve openness and accountability and enhance engagement with service users and stakeholders.</p>	<p>Minutes and reports are already provided on the Board's website.</p> <p>Consideration will be given to extending this to include the timetable of meetings and associated agendas.</p>	Assessor and Clerk	January 2012

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
		<i>Risk: the board may be perceived as lacking openness and accountability in its decision making processes and fails to engage fully with stakeholders.</i>			
3.	57	<p><i>Key Performance Indicators</i></p> <p>The current financial constraints on the public sector will make it harder to deliver continuous improvement or to maintain performance. The board will need to monitor the impact of financial savings on performance to ensure that any adverse impact on service users is kept to a minimum.</p> <p><i>Risk: service users may experience a diminished level of service.</i></p>	Performance Standards will continue to be monitored and evaluated.	Assessor	Ongoing
4.	59	<p><i>National performance reports:</i></p> <p>Officers should consider the impact of findings from national performance studies.</p> <p><i>Risk: the board does not take appropriate action to address relevant findings</i></p>	The findings of relevant reports will be considered in relation to how they might impact on the Board	Assessor and Treasurer	Ongoing