

**REPORT TO: TAYSIDE VALUATION JOINT BOARD – 17 NOVEMBER 2014**

**REPORT ON: INTERNAL AUDIT**

**REPORT BY: ASSESSOR**

**REPORT NO: TVJB 25-2014**

## **1 PURPOSE OF REPORT**

1.1 To present to the Board the Internal Audit Report No 2015/02 – Non Domestic Rates, attached as an Appendix to this report.

## **2 RECOMMENDATIONS**

2.1 The Board is asked to note the contents of this Audit Report.

## **3 FINANCIAL IMPLICATIONS**

3.1 The cost of Internal Audit Services is provided for in the Assessor's Revenue Budget.

## **4 POLICY IMPLICATIONS**

4.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

## **5 BACKGROUND**

5.1 Henderson Loggie was appointed to provide an Internal Audit Service in respect of the financial years 2010/11 to 2012/13 and have subsequently been re-appointed for the period from 1 April 2013 to 31 March 2016. Audit work has proceeded in accordance with the Audit Needs Assessment and Strategic Plan for the period 2013 to 2016 as approved by the Board on 26 August 2013.

5.2 Internal Audit Report 2015/02 on Non Domestic Rates is attached as an Appendix to this report. It has been prepared by internal audit following discussion with the Assessor and the Treasurer. The overall conclusion of the report is that:

- Assurance has been obtained that the internal controls in place are operating effectively.
- The Valuation Roll is an accurate, comprehensive and up to date record of all non-domestic properties in Tayside.
- Appeal cases are logged on receipt and, from sample testing, have all been dealt with timeously.
- There is an adequate level of segregation of duties between identification of changes in value to the Valuation Roll and the input of amendments on the Valuation Roll.

5.3 Notwithstanding the above the internal audit report identifies one recommendation; that the Clerical Staff should be reminded of the importance of ensuring that appropriate checks are undertaken in accordance with the Board's procedures. Management will ensure that this recommendation is implemented at an early date.

**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**

**November 2014**



**HENDERSON LOGGIE**  
Chartered Accountants

## **Tayside Valuation Joint Board**

**Non Domestic Rates  
2014/15**

**Internal Audit Report No: 2015/02**

**Draft Issued: 27 October 2014**

**Final Issued: 28 October 2014**



**Section 1      Management Summary**

•	Introduction	1
•	Scope of the Audit	1
•	Objectives of the Audit	1 - 2
•	Audit Approach	2
•	Action Plan	2
•	Overall Conclusion	2 - 3
•	Summary of Main Findings and Recommendations	3
•	Acknowledgements	3

**Section 2      Action Plan** 4

**Section 3      Main Report**

•	Valuations	5
•	Roll of Change	5 - 6
•	Appeals	6
•	Deletions / Amendments	6 - 7



# 1. Management Summary

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## Introduction

As part of the Internal Audit programme at Tayside Valuation Joint Board ('the Board') for 2014/15 we carried out a review of the Board's Non Domestic Rating arrangements. The 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 the Assessor that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Commercial properties are subject to Non Domestic Rates charges based on their valuation as determined by the Assessor and recorded in the Valuation Roll. The Valuation Roll is a public document that contains an entry for all non domestic properties in an Assessor's area except those specifically excluded by law. Each entry in the Roll includes the names of the proprietor, tenant and occupier as appropriate, the Net Annual Value that has been set by the Assessor and the Rateable Value. The Rateable Value is derived from the Net Annual Value and as legislation currently stands, for the majority of properties, Rateable Value and Net Annual Value are the same.

Values are established periodically at Revaluation, which last occurred in 2010 and with the next scheduled in 2017. Revaluation results in the production of a new Valuation Roll that contains revised values for all non domestic properties in the Assessor's area. Following a Revaluation, new values will generally remain unchanged until the next Revaluation, unless the property is altered or other changes take place. New properties are added to the Roll as they become occupied and entries for demolished buildings are deleted.

## Scope of the Audit

This audit reviewed 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, valuations and appeals are dealt with appropriately and timeously, and appropriate controls are in place over entries and amendments made to the Valuation Roll.

The systems and controls reviewed are part of the mitigating actions for the following risk noted in the Board's Risk Register:

5.2 - Failure of Information Provision: Non domestic rating: to adequately maintain an accurate Valuation Roll:

- Building warrants
- Planning permissions - Land register
- Stakeholders e.g., Lands Valuation Return, Rent Returns

## Objectives of the Audit

The specific objectives of the review were to seek reasonable assurance that:

- there are appropriate procedures in place to ensure that: all non domestic properties are on the Valuation Roll and the entries are accurate and agree with the Lands Valuation Returns; any alterations to properties reported on these returns are brought to the attention of the Technical Section; and all revaluations are appropriately recorded in the Valuation Roll;
- all property valuations are carried out by suitably qualified valuers and are evidenced as checked and authorised by a Valuer or Senior Valuer;
- all valuations are input into the Valuation Roll and the weekly 'Roll of Change' is evidenced as checked by a Assistant Assessor or Principal Valuer;
- controls are in place to ensure that late amendments to the current roll are picked up and reflected in the new roll;



# 1. Management Summary

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## Objectives of the Audit (continued)

- all appeal applications are logged on the appeals system as soon as they are received and are accepted and checked by a Valuer or Senior Valuer. An Appeal Header Sheet is produced recording all of the relevant details;
- the Valuation Roll is accurately and timeously amended to record the outcome of an appeal;
- only authorised staff can input amendments and all new entries are checked independently and evidenced;
- authorised staff change their passwords in line with pre-determined passwords and where staff leave their access is suspended;
- all deletions are properly authorised by a Valuer or Senior Valuer and there are procedures in place to ensure that staff do not make alterations to any properties on the Roll in which they have an interest; and
- a Valuation Notice is produced and sent out to the responsible party in line with legal requirements and any subsequent appeals are lodged within six months of the Valuation Notice being issued.

## Audit Approach

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

## Action Plan

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

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

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

## Overall Conclusion

In relation to our specific objectives, assurance has been obtained that the internal controls in place are operating effectively which ensure that: the 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.

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

Appeal cases are logged on receipt and, from our sample testing, they have all been dealt with timeously.



## 1. Management Summary

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### Overall Conclusion (continued)

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

### Summary of Main Findings and Recommendations

For the sample of 45 Rolls of Change tested associated with our testing of VC1 cards we found that in all cases the controls in place relating to the checking of the weekly Roll of Change were operating in line with the Board's procedures. However, our testing did identify at the Angus office one Roll of Change not included in our initial sample where the Board's controls were not followed. In this instance we noted that the header sheet had not been signed by the Admin Assistant or Clerical staff and that there was no evidence of Clerical staff checks being undertaken on the Roll of Change. This was discussed with the Assistant Assessor at the Angus office who after investigating the circumstances concluded that the Roll of Change had not been circulated to Clerical staff and that checks were omitted in error. We have recommended that Clerical staff should be reminded of the importance of ensuring that checks are undertaken on the weekly Rolls of Change and cover sheets completed in accordance with the Board's procedures, and that the person who initially circulates the document should ensure it is fully completed.

Discussions with staff and review of documentation noted that there is a formal requirement for staff to complete an annual return listing any properties in which members of staff may have a personal interest. Such properties are flagged in the Valuation Roll and reports are generated and reviewed each month by the Depute Assessor when changes are made to properties that are linked to staff. Changes are then investigated to ensure that any amendments affecting the Valuation Roll are bona fide and accurate. We regard the controls in place in this area to be good.

We previously recommended that the Roll of Change checking method in Perth be adopted in Dundee and Forfar as it provided more independent checking. Although our previous recommendation was initially implemented it was later decided to revert back to the previous checking arrangement. We understand that further consideration is being given to this process and have therefore not made any recommendation. The risk involved with the current self-checking process is mitigated by the 10% checking of the Roll of Change that is undertaken by the Assistant Assessor in each office.

### Acknowledgements

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



## 2. Action Plan

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
2.2	<b><i>Roll of Change</i></b> <b>R1</b> Clerical staff should be reminded of the importance of ensuring that checks are undertaken on the weekly Rolls of Change and cover sheets completed in accordance with the Board's procedures, and the person who initially circulates the document should ensure it is fully completed.	C	Clerical Staff will be reminded of the importance of ensuring that the appropriate checks are undertaken.	Y	R Christie	30/11/14



### 3. Main Report

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#### 1. Valuations

- 1.1 Our testing included selecting a random sample of 45 VC1 cards, from across each of the three offices, ensuring that sufficient documentation existed on the subject files to support the valuations arrived at. In all cases we were able to confirm that appropriate evidence existed to ensure that the valuation noted on each property file agreed to the valuation per the VC1 cards and the subsequent Roll of Change.
- 1.2 During our review of Non Domestic Rates in 2011/12 we found several instances where VC1 cards were not always being completed in line with the Board's internal procedures. The Non Domestic Rating *General Outline of Procedures* state that once a Valuer has amended a valuation on screen or by way of spreadsheets or manually a VC1 card must be completed by the Valuer. The procedures indicate the required details which must be recorded on the VC1 cards which include showing the extent of the monetary difference between the original value and the proposed amended valuation. This assists in reconciling the weekly additions and deductions of value to the valuation roll. Our testing during this review noted that at all offices this information was recorded on all of the VC1 cards in our sample with no exceptions noted.

#### 2. Roll of Change

- 2.1 The Non Domestic Rating *General Outline of Procedures* recommends that the weekly checking of VC1 cards against the Roll of Change is carried out by both Senior Valuers and Clerical staff with any differences that are highlighted in the checking process identified to the Admin Assistants who will ensure that any necessary corrections are applied to the property database. From the testing that we carried out we are satisfied that this checking is being carried out at all three offices and that the control is operating as expected.

##### 2.2 Observation

In the Perth, Dundee and Forfar offices, a Roll of Change report is produced which shows all changes to properties that week. This is passed to all Senior Valuers with a covering control sheet. Each Valuer identifies properties in their designated area and signs and dates the property to show that the change is as expected. They then sign and date the cover sheet. Once all properties have been checked the report is passed back to the clerical staff to check that all properties have been checked and details are correct. This is then passed to the Assistant Assessor to review and sign off.

For the sample of 45 Rolls of Change tested associated with our testing of VC1 cards noted at 1.1 above, we found that in all cases the controls in place relating to the checking of the weekly Roll of Change were operating in line with the Board's procedures. However, our testing did identify at the Angus office one Roll of Change not included in our initial sample where the Board's controls were not followed. The Board's procedures regarding the Roll of Change (ROC) state:

*'...each valuer should sign the Confirmation of Accuracy header sheet which prefaces the ROC document. Once all valuers have signed the sheet, it should be passed to the Admin Assistant along with the ROC document for circulation amongst Clerical staff. Clerical staff should scrutinise the ROC and also sign their initials in the left margin against each entry to confirm that the report accurately reflects the amendments which have been made to the Roll....On completion of the check, each member of the Clerical staff should also sign the Confirmation of Accuracy header sheet.'*

In this instance we noted that the header sheet had not been signed by the Admin Assistant or Clerical staff and that there was no evidence of Clerical staff checks being undertaken on the Roll of Change. This was discussed with the Assistant Assessor at the Angus office who after investigating the circumstances concluded that the Roll of Change had not been circulated to Clerical staff and that checks were omitted in error.

## 3. Main Report

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### 2. *Roll of Change (continued)*

#### 2.2 (continued)

##### *Risk*

Checking of properties listed on the weekly Rolls of Change are not being completed in line with the Board's procedures resulting in errors in the Valuation Roll.

##### *Recommendation*

**R1** Clerical staff should be reminded of the importance of ensuring that checks are undertaken on the weekly Rolls of Change and cover sheets completed in accordance with the Board's procedures, and the person who initially circulates the document should ensure it is fully completed.

##### *Benefit*

Checking of the Rolls of Change are completed in line with the Board's procedures.

- 2.3 In our review of this area in 2011/12 we observed that at the Perth office, one Senior Valuer was assigned each week along with a member of clerical to check all properties on the Roll of Change. Although this wasn't a 100% independent review it did reduce the risk of self-review when confirming changes made to the Valuation Roll. This risk is mitigated to an extent through the system of 10% checks of the Roll of Change undertaken by the Assistant Assessor in each office. In our internal audit report 2012/05 we recommended that the system of checking the Roll of Change noted in Perth should be implemented across all offices, which was initially accepted by management at the time. However, we noted during the course of our review this year that the previous Assessor later took the decision to revert to the control used previously at the Dundee and Forfar offices. It is our understanding that the current Assessor is considering the processes and controls in place across all offices including the way in which the Rolls of Change are checked for accuracy.

### 3. *Appeals*

- 3.1 We selected a random sample of 15 appeals from across all three offices and ensured that: the appeal was lodged and recorded within the statutory timeframe; the Board had issued an acknowledgment letter to the appellant; an appeals header sheet had been produced; sufficient documents were available to support the appeals and any amended valuation; and that the final header sheet agreed with the final valuation. No exceptions were noted from our testing.

### 4. *Deletions / Amendments*

- 4.1 Our sample of 45 VC1 cards tested as detailed at 1.1 above included five properties which were deleted from the Valuation Roll. Our sample also included 14 amended valuations to existing properties listed on the Valuation Roll. In each case we were able to agree the deletion or amendment of the entry to supporting documentation and that appropriate authorisation had been obtained for the deletion or amendment. No exceptions were noted.
- 4.2 Guidance relating to the access to the Board's systems is included within *Security Of Information Technology Systems* which has been issued to all staff. The guidance outlines the need to eliminate any potential risk of unauthorised disclosure of information and of unauthorised amendments being made to the Valuation Roll and all other computer applications operated by the Assessor and the Board. All computer equipment is configured in such a way that all users are required to enter a user name and password before the computer can be operated. Unique user names are allocated to each member of staff. The guidance refers to the Board's password policy which states that passwords must be changed at least once every three months. Systems are set up to prompt users to change passwords if a change has not been made within the required period. We found these controls to be good.

### 3. Main Report

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#### 4. *Deletions / Amendments (continued)*

- 4.3 Adequate segregation exists amongst staff to minimise the risk of unauthorised amendments being made to the Valuation Roll in that access to the Valuation Roll is determined by business need and to ensure that the integrity of the Valuation Roll is maintained. Any amendments are authorised by Senior Valuers with subsequent changes to the Valuation Roll then applied by Clerical staff. Valuation staff do not have direct access to the Valuation Roll. We found the controls in this area to be good.

#### 5. *Monitoring*

- 5.1 Discussions with staff and review of documentation noted that there is a formal requirement for staff to complete an annual return listing any properties in which members of staff may have a personal interest. Such properties are flagged in the Valuation Roll and reports are generated and reviewed each month by the Depute Assessor when changes are made to properties that are linked to staff. Changes are then investigated to ensure that any amendments affecting the Valuation Roll are bona fide and accurate. We regard the controls in place in this area to be good.



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**Section 2      Action Plan** 4

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•	Deletions / Amendments	6 - 7



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- Planning permissions - Land register
- Stakeholders e.g., Lands Valuation Return, Rent Returns

## Objectives of the Audit

The specific objectives of the review were to seek reasonable assurance that:

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- all valuations are input into the Valuation Roll and the weekly 'Roll of Change' is evidenced as checked by a Assistant Assessor or Principal Valuer;
- controls are in place to ensure that late amendments to the current roll are picked up and reflected in the new roll;



# 1. Management Summary

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## Objectives of the Audit (continued)

- all appeal applications are logged on the appeals system as soon as they are received and are accepted and checked by a Valuer or Senior Valuer. An Appeal Header Sheet is produced recording all of the relevant details;
- the Valuation Roll is accurately and timeously amended to record the outcome of an appeal;
- only authorised staff can input amendments and all new entries are checked independently and evidenced;
- authorised staff change their passwords in line with pre-determined passwords and where staff leave their access is suspended;
- all deletions are properly authorised by a Valuer or Senior Valuer and there are procedures in place to ensure that staff do not make alterations to any properties on the Roll in which they have an interest; and
- a Valuation Notice is produced and sent out to the responsible party in line with legal requirements and any subsequent appeals are lodged within six months of the Valuation Notice being issued.

## Audit Approach

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

## Action Plan

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

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

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

## Overall Conclusion

In relation to our specific objectives, assurance has been obtained that the internal controls in place are operating effectively which ensure that: the 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.

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

Appeal cases are logged on receipt and, from our sample testing, they have all been dealt with timeously.



# 1. Management Summary

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## Overall Conclusion (continued)

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

## Summary of Main Findings and Recommendations

For the sample of 45 Rolls of Change tested associated with our testing of VC1 cards we found that in all cases the controls in place relating to the checking of the weekly Roll of Change were operating in line with the Board's procedures. However, our testing did identify at the Angus office one Roll of Change not included in our initial sample where the Board's controls were not followed. In this instance we noted that the header sheet had not been signed by the Admin Assistant or Clerical staff and that there was no evidence of Clerical staff checks being undertaken on the Roll of Change. This was discussed with the Assistant Assessor at the Angus office who after investigating the circumstances concluded that the Roll of Change had not been circulated to Clerical staff and that checks were omitted in error. We have recommended that Clerical staff should be reminded of the importance of ensuring that checks are undertaken on the weekly Rolls of Change and cover sheets completed in accordance with the Board's procedures, and that the person who initially circulates the document should ensure it is fully completed.

Discussions with staff and review of documentation noted that there is a formal requirement for staff to complete an annual return listing any properties in which members of staff may have a personal interest. Such properties are flagged in the Valuation Roll and reports are generated and reviewed each month by the Depute Assessor when changes are made to properties that are linked to staff. Changes are then investigated to ensure that any amendments affecting the Valuation Roll are bona fide and accurate. We regard the controls in place in this area to be good.

We previously recommended that the Roll of Change checking method in Perth be adopted in Dundee and Forfar as it provided more independent checking. Although our previous recommendation was initially implemented it was later decided to revert back to the previous checking arrangement. We understand that further consideration is being given to this process and have therefore not made any recommendation. The risk involved with the current self-checking process is mitigated by the 10% checking of the Roll of Change that is undertaken by the Assistant Assessor in each office.

## Acknowledgements

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





## 2. Action Plan

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
2.2	<b>Roll of Change</b> <b>R1</b> Clerical staff should be reminded of the importance of ensuring that checks are undertaken on the weekly Rolls of Change and cover sheets completed in accordance with the Board's procedures, and the person who initially circulates the document should ensure it is fully completed.	C	Clerical Staff will be reminded of the importance of ensuring that the appropriate checks are undertaken.	Y	R Christie	30/11/14

### 3. Main Report

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#### 1. Valuations

- 1.1 Our testing included selecting a random sample of 45 VC1 cards, from across each of the three offices, ensuring that sufficient documentation existed on the subject files to support the valuations arrived at. In all cases we were able to confirm that appropriate evidence existed to ensure that the valuation noted on each property file agreed to the valuation per the VC1 cards and the subsequent Roll of Change.
- 1.2 During our review of Non Domestic Rates in 2011/12 we found several instances where VC1 cards were not always being completed in line with the Board's internal procedures. The Non Domestic Rating *General Outline of Procedures* state that once a Valuer has amended a valuation on screen or by way of spreadsheets or manually a VC1 card must be completed by the Valuer. The procedures indicate the required details which must be recorded on the VC1 cards which include showing the extent of the monetary difference between the original value and the proposed amended valuation. This assists in reconciling the weekly additions and deductions of value to the valuation roll. Our testing during this review noted that at all offices this information was recorded on all of the VC1 cards in our sample with no exceptions noted.

#### 2. Roll of Change

- 2.1 The Non Domestic Rating *General Outline of Procedures* recommends that the weekly checking of VC1 cards against the Roll of Change is carried out by both Senior Valuers and Clerical staff with any differences that are highlighted in the checking process identified to the Admin Assistants who will ensure that any necessary corrections are applied to the property database. From the testing that we carried out we are satisfied that this checking is being carried out at all three offices and that the control is operating as expected.

##### 2.2 Observation

In the Perth, Dundee and Forfar offices, a Roll of Change report is produced which shows all changes to properties that week. This is passed to all Senior Valuers with a covering control sheet. Each Valuer identifies properties in their designated area and signs and dates the property to show that the change is as expected. They then sign and date the cover sheet. Once all properties have been checked the report is passed back to the clerical staff to check that all properties have been checked and details are correct. This is then passed to the Assistant Assessor to review and sign off.

For the sample of 45 Rolls of Change tested associated with our testing of VC1 cards noted at 1.1 above, we found that in all cases the controls in place relating to the checking of the weekly Roll of Change were operating in line with the Board's procedures. However, our testing did identify at the Angus office one Roll of Change not included in our initial sample where the Board's controls were not followed. The Board's procedures regarding the Roll of Change (ROC) state:

*'...each valuer should sign the Confirmation of Accuracy header sheet which prefaces the ROC document. Once all valuers have signed the sheet, it should be passed to the Admin Assistant along with the ROC document for circulation amongst Clerical staff. Clerical staff should scrutinise the ROC and also sign their initials in the left margin against each entry to confirm that the report accurately reflects the amendments which have been made to the Roll....On completion of the check, each member of the Clerical staff should also sign the Confirmation of Accuracy header sheet.'*

In this instance we noted that the header sheet had not been signed by the Admin Assistant or Clerical staff and that there was no evidence of Clerical staff checks being undertaken on the Roll of Change. This was discussed with the Assistant Assessor at the Angus office who after investigating the circumstances concluded that the Roll of Change had not been circulated to Clerical staff and that checks were omitted in error.

## 3. Main Report

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### 2. *Roll of Change (continued)*

#### 2.2 *(continued)*

##### *Risk*

Checking of properties listed on the weekly Rolls of Change are not being completed in line with the Board's procedures resulting in errors in the Valuation Roll.

##### *Recommendation*

**R1** Clerical staff should be reminded of the importance of ensuring that checks are undertaken on the weekly Rolls of Change and cover sheets completed in accordance with the Board's procedures, and the person who initially circulates the document should ensure it is fully completed.

##### *Benefit*

Checking of the Rolls of Change are completed in line with the Board's procedures.

- 2.3 In our review of this area in 2011/12 we observed that at the Perth office, one Senior Valuer was assigned each week along with a member of clerical to check all properties on the Roll of Change. Although this wasn't a 100% independent review it did reduce the risk of self-review when confirming changes made to the Valuation Roll. This risk is mitigated to an extent through the system of 10% checks of the Roll of Change undertaken by the Assistant Assessor in each office. In our internal audit report 2012/05 we recommended that the system of checking the Roll of Change noted in Perth should be implemented across all offices, which was initially accepted by management at the time. However, we noted during the course of our review this year that the previous Assessor later took the decision to revert to the control used previously at the Dundee and Forfar offices. It is our understanding that the current Assessor is considering the processes and controls in place across all offices including the way in which the Rolls of Change are checked for accuracy.

### 3. *Appeals*

- 3.1 We selected a random sample of 15 appeals from across all three offices and ensured that: the appeal was lodged and recorded within the statutory timeframe; the Board had issued an acknowledgment letter to the appellant; an appeals header sheet had been produced; sufficient documents were available to support the appeals and any amended valuation; and that the final header sheet agreed with the final valuation. No exceptions were noted from our testing.

### 4. *Deletions / Amendments*

- 4.1 Our sample of 45 VC1 cards tested as detailed at 1.1 above included five properties which were deleted from the Valuation Roll. Our sample also included 14 amended valuations to existing properties listed on the Valuation Roll. In each case we were able to agree the deletion or amendment of the entry to supporting documentation and that appropriate authorisation had been obtained for the deletion or amendment. No exceptions were noted.
- 4.2 Guidance relating to the access to the Board's systems is included within *Security Of Information Technology Systems* which has been issued to all staff. The guidance outlines the need to eliminate any potential risk of unauthorised disclosure of information and of unauthorised amendments being made to the Valuation Roll and all other computer applications operated by the Assessor and the Board. All computer equipment is configured in such a way that all users are required to enter a user name and password before the computer can be operated. Unique user names are allocated to each member of staff. The guidance refers to the Board's password policy which states that passwords must be changed at least once every three months. Systems are set up to prompt users to change passwords if a change has not been made within the required period. We found these controls to be good.

### 3. Main Report

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#### 4. *Deletions / Amendments (continued)*

- 4.3 Adequate segregation exists amongst staff to minimise the risk of unauthorised amendments being made to the Valuation Roll in that access to the Valuation Roll is determined by business need and to ensure that the integrity of the Valuation Roll is maintained. Any amendments are authorised by Senior Valuers with subsequent changes to the Valuation Roll then applied by Clerical staff. Valuation staff do not have direct access to the Valuation Roll. We found the controls in this area to be good.

#### 5. *Monitoring*

- 5.1 Discussions with staff and review of documentation noted that there is a formal requirement for staff to complete an annual return listing any properties in which members of staff may have a personal interest. Such properties are flagged in the Valuation Roll and reports are generated and reviewed each month by the Depute Assessor when changes are made to properties that are linked to staff. Changes are then investigated to ensure that any amendments affecting the Valuation Roll are bona fide and accurate. We regard the controls in place in this area to be good.