REPORT TO: TAYSIDE VALUATION JOINT BOARD – 26 JANUARY 2015

REPORT ON: INTERNAL AUDIT

REPORT BY: ASSESSOR

REPORT NO: TVJB 4-2015

1   PURPOSE OF REPORT

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

        New Report
        Internal Audit Report 2015/03 – Risk Management and Business Continuity

        Follow-up Review
        Internal Audit Report 2015/04 – Follow-Up Reviews 2014/15

2   RECOMMENDATIONS

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

3   FINANCIAL IMPLICATIONS

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

4   POLICY IMPLICATIONS

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

5   BACKGROUND

5.1   Henderson Loggie, Chartered Accountants, have been appointed to provide an Internal Audit Service 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 as approved by the Board on 26 August 2013.

5.2   Internal Audit Report 2015/03 on Risk Management and Business Continuity is attached as Appendix 1 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 a number of good processes and procedures are in place to identify and assess risk, and controls have been identified to minimise the possibility of unexpected and unplanned situations developing. Risk management processes are embedded within the organisation.

5.3   The report identifies that these processes and procedures would be enhanced if further training is provided to staff involved in the risk management process. This possible enhancement has been identified in previous audit reports and action has been delayed due to difficulty in sourcing appropriate training.   However, arrangements are now in hand for this training to be delivered via Dundee City Council and this should be provided in the coming months.

5.4 The report also includes an Action Plan which highlights the need to review and update the Business Continuity Plan and IT Disaster Recovery Plan to reflect the new Individual Electoral Registration procedures and the newly installed IT communications links between the three offices. Arrangements are in hand to undertake this review and, once completed, the required changes will be implemented and appropriate testing will be carried out. Thereafter a programme of regular testing will be put in place.

5.5 Internal Audit Report 2015/04 on Follow-Up Reviews is attached as Appendix 2 to this report. The overall conclusion of the report is that the Board has made good progress in implementing the 21 recommendations made, with 14 of the recommendations being fully implemented. Of the remaining 7 recommendations, 1 recommendation has been noted as no project to trigger action. 4 of the recommendations have been partially completed and these are programmed to be completed by 31 March 2105. The final 2 recommendations relate to updating policies in line with changes to Equality Legislation and the Bribery Act 2010, action on which has been delayed due to the workload pressures of the Referendum on Scottish Independence and the introduction of Individual Electoral Registration. Arrangements are in hand to complete these actions by 31 March 2015.

6 CONSULTATIONS

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

7 BACKGROUND PAPERS

7.1 None.

Alastair Kirkwood
Assessor   **January 2015**

HENDERSON LOGGIE
Chartered Accountants

Tayside Valuation Joint Board

Risk Management and Business Continuity 2014/15

Internal Audit Report No: 2015/03

Draft Issued: 22 December 2014
Second Draft: 8 January 2015

Final Issued: 8 January 2015

Contents

1. Management Summary

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 arrangements for risk management and business continuity. 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.

An effective risk management process is essential to ensure that the organisation can effectively react to risks and ensure that the interests of key stakeholders continue to be met.

The Business Continuity Institute defines business continuity management as 'A holistic management process that identifies potential impacts that threaten an organisation and provides a framework for building resilience and the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value creating activities.'

Scope of the Audit

Risk Management
The scope of this audit considered whether there are corporate procedures in place to adequately assess risk and minimise the possibility of unexpected and unplanned situations developing.

Business Continuity
We also considered whether there are adequate plans in place to minimise disruption to operations following loss of life, buildings or equipment, including key IT systems.

The systems and controls reviewed are part of the mitigating actions for several risks noted in the Board's Risk Register, including:

1.1   Total loss of premises
1.2   Total loss of access to/use of building
3.4   Failure of back-up procedures
3.6   Major internal system failure
4.2   Widespread or epidemic/pandemic illness
4.4   Large scale resignation

Electoral registration risks:
2.1   Loss of Electoral Registration office
3.1   Loss of IT capability
7.1   Loss of staff

Objectives of the Audit

Risk Management
To obtain reasonable assurance that:

- A formal risk management process is in place which includes: assessing the organisation's propensity for risk; risk identification and assessment; risk mitigation; and reporting and monitoring of key risks;
- Risk management policies and processes are formally documented;
- Responsibility for managing risks are clearly assigned;
- Staff are trained in risk management; and
- There is an ongoing review of risk management procedures for continual improvement.

1. Management Summary

Objectives of the Audit (continued)

Business Continuity
To obtain reasonable assurance that:

- Business Continuity Plans (BCPs) are in place covering all of the organisation's activities;
- the BCPs are workable, properly communicated to members of staff, and have been adequately tested; and
- the processes and procedures in place follow recommended good practice.

Audit Approach

To consider actions agreed previously that were still outstanding when the follow-up work was carried out in May 2014. These included:

- providing risk management training to staff and management;
- consider applying project management and risk management processes to projects; and
- fully test the IT Disaster Recovery Plan.

Risk Management
We discussed the risk management process with managers and staff and review relevant policies and procedures. Risk management documents and reports, such as the Risk Register and Board papers, were then reviewed. For a sample of managers and staff we discussed the risk management process they use in order to determine how embedded risk management is within the organisation. We considered whether all relevant key risks have been identified and included on the current Risk Register and how often the register is revisited and updated.

Business Continuity
We obtained copies of BCPs in place and consider whether they cover all of the organisation's activities.

The Board's approach to business continuity was discussed with relevant officers and we will review evidence of how plans have been communicated to staff and the extent to which plans have been tested.

An assessment of the key processes and internal controls was performed with reference to the Business Continuity Institute Good Practice Guidelines.

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.

1. Management Summary

Overall Conclusion

Risk Management

A number of good practice actions were identified in the risk management processes. We found there are corporate procedures in place to identify and assess risk, and controls have been identified to minimise the possibility of unexpected and unplanned situations developing. We found that risk management processes are embedded which provide a greater level of assurance that risk management is effective, although this could be enhanced through providing further risk management training to staff involved in risk management processes. We were advised that the Assessor has been in discussions with Dundee City Council to deliver relevant training.

Business Continuity

There are adequate plans in place to minimise disruption to operations following loss of life, buildings or assets, including buildings and key IT systems, however these need to be updated to include the impact of newly installed communications links and then tested to ensure they work well.

Summary of Main Findings and Recommendations

We found that:

Risk Management

- a formal risk management process is in place which includes: assessing the organisation's propensity for risk; risk identification and assessment; risk mitigation and reporting and monitoring of key risks;
- risk management policies and processes are formally documented;
- responsibility for managing risks are clearly assigned;
- staff are not adequately trained in risk management, however the Assessor has identified this weakness and suitable training is to be arranged; and
- there is an ongoing formal review of risk management procedures for continual improvement and further embedding risk management within the organisation.

Business Continuity

- a Board-wide Business Continuity Plan (BCP) is in place covering all of the Board's activities, however the BCP and IT Disaster Recovery Plan (DRP) need to be updated to reflect the lessons learned from the recent experiences during the Scottish Independence Referendum and changes in processes and procedures following the system changes and the newly installed communications introduced for Individual Electoral Registration (IER);
- the Board's current BCP is considered workable and has been properly communicated to members of staff and Senior Officers. Elements of the BCP and IT DRP have been in-formerly tested in recent years however no further desktop testing has been undertaken on a range of disaster scenarios. Once the plans have been updated they should be tested and a regular program of testing put in place; and
- the processes and procedures in place follow recommended good practice as defined by Business Continuity Institute Good Practice Guidelines, except for the points raised above.

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
2.2.4	**R1** Review and update the Business Continuity Plan and IT Disaster Recovery Plan to reflect the new IER procedures and the newly installed IT communications links between the three offices.	B	The Business Continuity Plan and IT Disaster Recovery Plan will be reviewed. An external consultant will be sought to provide appropriate advice.	Y	Assessor	30/9/15.
2.2.4	**R2** Test the updated Business Continuity Plan and IT Disaster Recovery Plan once implemented.	B	The updated Business Continuity Plan and IT Disaster Recovery Plan will be tested once installed.	Y	IT Manager	31/12/15
2.2.4	**R3** Establish a programme of regular testing of the Business Continuity Plan and IT Disaster Recovery Plan.	B	A programme will be established.	Y	IT Manager	31/12/15

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013	Progress at December 2013	Progress at December 2014
R9 Provide risk management training to staff and management.	B	Training courses will be identified or provided in house to be implemented by December 2012.	Yes	Chair of Governance Working Group	September - December2012	Attempts are being made to identify suitable training courses. ***Partially Implemented***	***Management Comment*** Still outstanding – no appropriate training courses have been sourced as yet. ***Partially Implemented***	The need for risk management training to be provided to the Management Team has been agreed and the Assessor has arranged for appropriate training to be delivered by Dundee City Council in early 2015. ***Partially Implemented***

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013	Progress at December 2013	Progress at December 2014
R11 Consider what project management and risk management processes should be put in place over projects.	C		Yes	Chair of Governance Working Group September 2012	September 2012	Appropriate project management and risk management processes will be put in place for all future projects. There have been no projects to trigger specific action. ***No Project to Trigger Action***	***Management Comment*** No projects in progress at this time (Nb the only major project – the Introduction of Individual Electoral Registration is being project managed and risk assessed jointly by the UK Cabinet Office and the Electoral Commission.) ***No Project to Trigger Action***	Although no projects of a significant size have been undertaken in recent years the Assessor is investigating suitable training opportunities for senior management. ***No Project to Trigger Action***

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013	Progress at December 2013	Progress at December 2014
R14 Fully test the DRP to ensure it is robust	B		Yes	Depute Assessor	September 2012	The plan was tested on 5 March 2013 and actions arising from that test are being followed up. Further tests will be undertaken following the installation of additional computer equipment identified as necessary to ensure the robustness of the plan. ***Partially Implemented***	***Management Comment*** As a result of the outcome of the test on 5 March a full back-up facility for the electoral registration function has been provided in the Dundee office. Further testing has not yet taken place due to the time required for the implementation of Individual Electoral Registration and the involvement of the IT section in this work. ***Partially Implemented***	Although elements of the BCP and DRP have been tested in recent years a programme of regular testing has yet to be developed. As noted at 2.2.4 the BCP and DPR will be reviewed and updated to reflect the new IER procedures and new communications links. ***Recommendation superseded by recommendation 3 at 2.2.4***

4. Main Report

1. Risk Management

1.1 TVJB Risk Management Requirements

1.1.1 Tayside Valuation Joint Board's Financial Regulations state that 'The Assessor, in conjunction with the Treasurer, will ensure that the risks faced by the Board are identified and quantified and that effective measures are taken to reduce, eliminate or insure against them' and 'The Risk Management Strategy, Risk Register and Business Continuity Plan should be reviewed and updated annually by the Assessor and presented to the Board'.

1.2 Risk Management Good Practice

1.2.1 There is a wide range of guidance on what constitutes good practice on risk management. This includes:

- HM Treasury Guidance including (2004) Orange Book: Management of Risk – Principles and Concepts;
- HSE - Principles of Sensible Risk Management; and
- BS ISO 31000:2009 Risk Management – Principles and guidelines;
- BS 31100:2011 Risk Management – code of practice and guidance for the implementation of BS ISO 31000

1.2.2 Each standard or framework provides a way of categorising risk to assist identification, assessment and evaluation. The different 'types' of risk that are recognised can be used to tailor an approach to suit any organisation and have the same key principles.

1.2.3 For this review we have chosen best practice in risk management set out in BS ISO 31000:2009, Risk Management – Principles and guidelines which is supported by BS31100:2011 Risk Management – code of practice and guidance for the implementation of BS ISO 31000.

1.2.4 ISO 31000 is a generic risk management standard. It can be used by any organisation no matter what its size or scope of its activities. It can be used by both public and private organisations and by groups, associations, and enterprises of all kinds. It is not specific to any sector or industry and can be applied to any type of risk. It can be used at a strategic or operational level to help make decisions and can be applied to all types of activities. It can be used to help manage processes, operations, projects, programs, products, services, and assets.

1.3 Risk Management Principles

1.3.1 ISO 31000:2009 defines risk as 'the effect of uncertainty on objectives' rather than 'the chance of something happening that will have an impact on objectives'. The standard also introduces 11 principles which include that risk management:

1. Creates and protects value
2. Be an integral part of all organisational processes
3. Be part of decision making
4. Explicitly address uncertainty
5. Be systematic, structured and timely
6. Based on the best available information
7. Be tailored
8. Take into account human and cultural factors
9. Be transparent and inclusive
10. Be dynamic, iterative and responsive to change
11. Facilitate the continual improvement of the organisation

4. Main Report

1. Risk Management (continued)

1.4   Creates and protects value

1.4.1   Good risk management contributes to the achievement of an organisation's objectives through the continuous review of its processes and systems.

1.4.2   The organisation's Risk Management Strategy, which forms part of its internal control and corporate governance arrangements, was last updated and approved by the Joint Committee in May 2014.   The strategy outlines the organisation's underlying approach to risk management, and details the roles and responsibilities of the Elected Members of the Joint Board, the Assessor, management and employees. The Assessor, in conjunction with the Treasurer, ensures that the risks faced by the Board are identified and quantified and that effective measures are taken to reduce, eliminate or insure against them. Overall responsibility for developing and implementing the Risk Management Strategy has been delegated to the Governance Working Group which comprises the Depute Assessor, Assistant Assessors and Principal Valuer.

1.4.3   Management create and protect value by using risk management techniques to help achieve the Board's objectives and improve performance. In line with best practice the process of identifying and scoring the likelihood and impact of key risks for the organisation considers both the financial and non-financial risks facing the Board. The identification process considers risks under six separate headings: premises; finance; IT; staffing; service; and electoral registration. A separate risk register is also in place for Electoral Registration.

1.5   Be an integral part of all organisational processes

1.5.1   Risk management needs to be integrated within a governance framework and become a part of an organisation's planning processes, at both the operational and strategic level.

1.5.2   The Board's Risk Management Strategy states that risk management is an integral part of policy and operational management and that identifying, analysing, controlling and monitoring risk will help elected members and managers make informed decisions about the appropriateness of adopting policy or service delivery options.

1.5.3   All risks associated with services, staff, assets, infrastructure, systems and stakeholders are included in the Board's risk management processes and appear to incorporate both strategic and operational risks.

1.6   Be part of decision making

1.6.1   The process of risk management assists management to make informed choices, identify priorities and select the most appropriate action.

1.6.2   The Governance Working Group has responsibility for preparing, monitoring, maintaining and updating the Board's Risk Register. The Risk Management Strategy sets out policy in respect of business risk and provides a framework to structure the approach.

1.7   Explicitly address uncertainty

1.7.1   By identifying potential risks, organisations can implement controls and treatments to maximise the chance of gain while minimising the chance of loss.

1.7.2   The Board has adopted a four stage approach to risk management, which includes risk identification; risk analysis; quantifying risk; and risk control. This process allows management to address the uncertainty that the Board faces with risks identified included in the risk register. Risks are scored according to likelihood of occurrence and impact that the risk would have on the Board's activities. The risk register also includes details of mitigating controls put in place to further reduce risks to a level that the Board is willing to accept.

4. Main Report

1. Risk Management (continued)

1.8 Be systematic, structured and timely

1.8.1 The process of risk management should be consistent across the organisation to ensure efficiency, consistency and the reliability of results.

1.8.2 The risk register is also reviewed quarterly by the Governance Working Group and is a standing item on the agenda at meetings of the Group. The Risk Register is also discussed at monthly meetings of the Board's Management Team. The Assessor has overall responsibility for the risk register and presents this annually to the Joint Board. The Board's structure and approach in this regard appears reasonable.

1.9 Based on the best available information

1.9.1 To effectively manage risk it is important to understand and consider all available information relevant to an activity and to be aware that there may be limitations on that information. It is then important to understand how all this information informs the risk management process.

1.9.2 The effectiveness of any actions taken to mitigate risks, including amendments to operating practices are monitored and reviewed regularly by the Management Team and Governance Working Group. The Board's specific IT risks are identified, analysed and controlled by the IT Working Group. The nature of the risks identified by the Board are assessed over time and the effects of any changes considered.

1.10 Be tailored

1.10.1 A risk management framework needs to include the organisation's risk profile, as well as take into consideration its internal and external operating environment.

1.10.2 Regular reviews of the Risk Management Strategy are included in the Board's Service Plan. The risk register contains all risks identified by management relating to all of the Board's activities, including financial and non-financial, and strategic and operational risks. The Board's risk appetite has been assessed as moderate in most cases. In certain cases, such as time critical periods associated with electoral registration, the risk appetite has been assessed as zero. The Board's approach to risk management therefore appears aligned with both its internal and external context and with its risk profile.

1.11 Take into account human and cultural factors

1.11.1 Risk management needs to recognise the contribution that people and culture have on achieving the organisation's objectives.

1.11.2 The Board's approach to risk management recognises and considers the human and cultural factors that can influence the achievement of its corporate objectives. The risk register identifies risk owners who are given the authority to manage those risks. The Risk Management Strategy details the roles and responsibilities relating to risk management processes and make risk owners accountable for managing risk.

1.12 Be transparent and inclusive

1.12.1 Engaging stakeholders, both internal and external, throughout the risk management process recognises that communication and consultation are key to identifying, analysing and monitoring risk.

1.12.2 The Board's Risk Management Strategy is publicly available on the Board's website. Staff also have access to copies available on the organisation's internal computer network. The Board's approach to risk management appears inclusive as risks associated with key stakeholders are included on the risk register and senior managers are in regular discussion with stakeholders in order to identify potential risks which may affect both parties.

1. Risk Management (continued)

1.12   Be transparent and inclusive (continued)

1.12.3 The Board communicates with stakeholders about the way in which the Board is managing risk to give them assurance that the Board will deliver the key corporate objectives outlined in the Service Plan. The Board's Service Plan provides assurance that the importance of building partnerships / relationships with key stakeholders has been recognised and appropriate lines of communication put in place. In order to understand key stakeholder risks and how these might affect the Board, senior management regularly discuss risks during meetings with staff from each of the constituent local authorities. Copies of the Board's risk registers are also passed to each local authority.

1.13   Be dynamic, iterative and responsive to change

1.13.1 The process of managing risk needs to be flexible. The environment in which an organisation operates may require management to consider the context for managing risk as well as continuing to identify new risks that emerge, and make allowances for those risks that no longer exist.

1.13.2 During our previous review of this area covered by internal audit report 2012/04 Risk Management and Business Continuity Planning, issued in May 2012, we noted that there were varying levels of awareness of risk management amongst staff. From our discussion with staff during this review we noted that although staff are aware of the risks identified on the risk register and day to day operational risks and controls there is a requirement for further formal risk management training to be provided to staff involved in risk management processes. We previously recommended that risk management training be provided to staff and management. It is our understanding that the Assessor has made arrangements with Dundee City Council to provide appropriate training and it is expected that this will be delivered in early 2015. As this is an outstanding action from previous internal audit reports we have not raised a recommendation within this report and progress made with the outstanding action will be followed up and reported separately as part of future follow-up reviews.

1.14   Facilitate the continual improvement of the organisation

1.14.1 Organisations with a mature risk management culture are those that have invested resources over time and are able to demonstrate the continual achievement of their objectives.

1.14.2 In internal audit report 2012/4, issued in May 2012, we noted that there is no formal project management methodology, or risk management within major projects. We recommended that that Board consider what project management and risk management processes should be put in place over projects. There have been no projects of a significant size in recent years which would require a project management methodology to be applied. The Assessor is investigating suitable project management training opportunities for senior management in order that formal project management processes can be applied to future projects. As this is an outstanding action from previous internal audit reports we have not raised a recommendation within this report and progress made with the outstanding action will be followed up and reported separately as part of future follow-up reviews.

1.14.3 The effective management of risk is a critical part of the Board's approach to delivering the sound governance element of Best Value. The Board has made significant progress is developing its risk management processes in recent years and these will continue to be enhanced through continual review of the framework outlined in the Risk Management Strategy and completion of the outstanding actions detailed in section 2.

4. Main Report

2. Business Continuity

2.1 Arrangements in Place

2.1.1 The Board's Business Continuity Plan (BCP) was last reviewed in May 2014 by the Assistant Assessor, Angus, in conjunction with other members of the Board's Governance Working Group. The BCP provides a framework of coordinated measures to ensure that, in the event of significant incident, critical services are maintained and systems are restored within an acceptable timescale. The objectives of the BCP include developing internal arrangements and contingency measures for dealing with the loss of critical functions / assets; and to deliver essential services to stakeholders. We reviewed the plan using the British Continuity Institute Good Practice Guidelines and confirmed that the plan includes the key elements required including:

- the Board's definition of the scope of the BCP;
- a documented operational framework for dealing with a disaster or significant event including roles and responsibilities of groups and individuals;
- core business functions;
- key contacts;
- incident definitions and notification;
- escalation and reporting procedures; and
- training and awareness.

2.1.2 The plan sets out that in the event of an incident there will be an Incident Management Team which is responsible for invoking the plan and co-ordinating action. It also covers providing communications to management, employees and the constituent local authorities who are involved in carrying out specific actions assigned to them or undertaking responsibilities as outlined in the BCP.

2.1.3 Responsibility for declaring an 'emergency' and invoking the BCP lies with the Assessor, the Depute Assessor, the three Assistant Assessors and the Administration Managers, as appropriate.

2.1.4 In the event of invoking the BCP an operational base would be set up in the Assessor's main office in Dundee. Contingency arrangements for establishing an operational base in the Perth and Forfar offices would be made in the event that the Dundee office was not available. The plan also sets out details of management, communications, logging, recovery actions for various disaster scenarios and reporting of an incident.

2.1.5 Although the Assessor has overall responsibility for the BCP, the Assistant Assessor (Angus), as Chair of the Governance Working Group, is responsible for keeping the BCP up-to-date and is also responsible for updating the lists of internal and external contact numbers in the BCP.

2.2 British Continuity Institute Good Practice Guidelines

2.2.1 The British Continuity Institute Good Practice Guidelines ('the Guide') provides guidance on good practice covering the whole Business Continuity Management (BCM) lifecycle from the initial recognition of the need for the development of a BCM programme to the on-going maintenance of a mature business continuity system.

2.2.2 The Guide contains six sections which are in line with references and definitions outlined in the British Standard (BS) 25999 *'Business continuity management'*. These are:

- The Business Continuity Policy;
- Understanding the Organisation;
- Determining the Business Continuity Strategy;
- Developing and Implementing the Business Continuity Response;
- Exercising, maintaining and Reviewing Business Continuity Arrangements; and
- Embedding Business Continuity in the Organisation's Culture.

2. Business Continuity

2.2   British Continuity Institute Good Practice Guidelines (continued)

2.2.3   As part of this audit we reviewed the Board's BCP against the Guide and noted that overall the Board's plan is in line with the Guide, however we have identified several minor areas for improvement which are outlined in the following paragraphs.

2.2.4   *Observations*

As part of the Board's arrangements for ongoing business continuity management a BCP has been developed by senior management and agreed by the Joint Board. The BCP is subject to regular review. However, a programme of regular testing has yet to be developed. In internal audit report 2012/4, issued in May 2012, we noted although elements of the BCP and IT Disaster Recovery Plan (DRP) had been tested in the past a programme of regular testing had not been developed and that Board staff had not tested the IT DRP to determine whether it is robust. Since our last review back-up testing of the data saved on the Board's computer servers and tapes was performed in March 2013. The recent Scottish Independence Referendum resulted in the Board's systems being severely tested as a result of an unprecedented number of the electorate registering to vote. Management are undertaking a formal debrief to identify the lessons learned from the Scottish Independence Referendum Although not completed at the time of our visit, management's review is well advanced and it is expected to be completed in early 2015.

The BCP includes relocating office functions to one of the other offices in the event of a loss of services at any office. The Board will work closely with communications providers to establish links between the offices with staff relocated and systems accessed from alternative accommodation. Other external agencies will also be contacted. From our initial discussions with staff we noted that dedicated fibre optic links between each of the offices were connected in November 2014 which provides additional resilience to the inter office communications systems. The lines are to be fully tested prior to being implemented. These improvements have not yet been reflected within the BCP or IT DRP.

The Assessor has indicated that a full review of the BCP and DPR will be undertaken in light of these changes, including a review of back-up processes, and to take account of the post referendum debrief

Risks

BCP arrangements may not work in practice and staff readiness for incidents may not be as good as it could be.

The BCP does not accurately reflect the Board's current arrangements and if it is invoked it may not achieve its objective.

Recommendations

R1   Review & update the Business Continuity Plan and IT Disaster Recovery Plan to reflect the new IER procedures and the newly installed IT communications links between the three offices.

R2   Test the updated Business Continuity Plan and IT Disaster Recovery Plan once implemented.

R3   Establish a programme of regular testing of the Business Continuity Plan and IT Disaster Recovery Plan.

Benefits

In the event of an incident, staff will be able to react more quickly in line with robust plans.

2.2.5   A graphic showing potential testing exercises is included at Appendix I.

2. Business Continuity

2.2 British Continuity Institute Good Practice Guidelines (continued)

2.2.6   A Business Impact Analysis (BIA) provides a technique for systematically assessing the impact of disruptions to services. This can be used to make a decision as to which services should be included within the scope of the BCP based on the timescale and extent of the impact of the disruption. Given the limited nature of the Board's activities (Council Tax, Non-Domestic Rating and Electoral Registration) a full BIA is not considered necessary. However, the risks associated with each area are fully documented in the Risk Registers for each area and the impact of a loss of each service is detailed in the BCP.

Appendix I

Testing Exercises for the Business Continuity Plan

TYPE OF TEST	PROCESS	PARTICIPANTS	FREQUENCY	COMPLEXITY
			HIGH	**LOW**
DESKTOP REVIEW	Check the contents of the plan as a precursor to maintenance of the plan.	Author of plan Another manager (for verification purposes)	↑	↑
WALKTHROUGH	Carry out an extended desktop review to check interaction and roles of participants.	Author of plan Main participants	❘	❘
SIMULATION EXERCISE	Incorporates other associated plans such as the Service plan.	Main Participants: Observers Co-ordinators	❘	❘
ACTIVITY TESTING	Moves work to another site. Recreates the existing work from the displaced site.	Employees in a service area Hot site suppliers Observers Co-ordinators	❘	❘
FULL TEST	Shuts down an entire building and relocates work.	All employees in a building Hot site suppliers Co-ordinators Observers	↓	↓
			LOW	**HIGH**

Figure : Exercising types (from the AA) (Source: Elliot, Swartz and Herbane 1999 p.84)

HENDERSON LOGGIE
Chartered Accountants

Tayside Valuation Joint Board

Follow-Up Reviews
2014/15

Internal Audit Report No: 2015/04

Draft Issued: 8 January 2015

Final Issued: 8 January 2015

Contents

1. Management Summary

Introduction and Background

We have been re-appointed as Internal Auditors to Tayside Valuation Joint Board ('the Board') for the period 1 April 2013 to 31 March 2016. The Internal Audit Plan for 2014/15 includes 2 days for a follow-up of the recommendations made in Internal Audit reports issued during 2013/14. These were:

- Internal Audit Report 2014/01 – Audit Needs Assessment and Strategic Plan 2013 to 2016;
- Internal Audit Report 2014/02 – Annual Plan;
- **Internal Audit Report 2014/03 – Performance Reporting;**
- **Internal Audit Report 2014/04 – General Ledger;**
- **Internal Audit Report 2014/05 – Asset Management;**
- **Internal Audit Report 2014/06 – Follow-Up Reviews;**
- **Internal Audit Report 2014/07 – Payroll and HR / Recruitment / Staff Performance & Development;**
- **Internal Audit Report 2014/08 – Corporate Governance and Control Environment**; and
- Internal Audit Report 2014/09 – Annual Report.

Reports 2014/01, 2014/02 and 2014/09 did not contain an action plan and therefore no follow-up was required. **The reports in bold have been followed-up as part of this review.**

Report 2014/06 included three outstanding actions from 2012/13 reports and one outstanding action from 2010/11 reports that were required to be followed-up again this year. In one instance there had been no project to trigger the action. Three outstanding actions from 2011/12 relating to Risk Management and Business Continuity have been followed up separately and reported in Report 2015/03.

Audit Scope and Objectives

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

Audit Approach

The audit approach taken was as follows:

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

Overall Conclusion

The Board has made good progress in implementing the 21 recommendations contained within the internal audit reports listed above with 14 recommendations being assessed as fully implemented.

Of the remaining seven recommendations:

- One has been noted as 'no project to trigger action', relating to Project Management;

- Two actions where little or no progress has been made relate to updating policies and procedures in line with the requirements of the Bribery Act and Equality Act which will be completed once further advice has been provided by Dundee City Council; and

1. Management Summary

Overall Conclusion (Cont'd)

- Three of the four partially implemented actions relate to the Council Tax report and it is envisaged that these will be fully implemented later in the year following input from the IT section once resources allow. All partially implemented recommendations will be followed-up again next year.

Our findings from each of the follow-up reviews have been summarised as follows:

Area	Recommendation Grades	Number Agreed	Fully Implemented	Partially Implemented	Little or No Progress	No Project To Trigger Action
From Original Reports			*From Follow-Up Work Performed*			
From 2013/14						
Performance Reporting	A	-	-	-	-	-
	B	-	-	-	-	-
	C	3	3	-	-	-
General Ledger	A	-	-	-	-	-
	B	-	-	-	-	-
	C	5	5	-	-	-
Asset Management	A	-	-	-	-	-
	B	-	-	-	-	-
	C	3	3	-	-	-
Payroll and HR / Recruitment / Staff Performance & Development	A	-	-	-	-	-
	B	2	2	-	-	-
	C	1	-	-	1	-
Corporate Governance and Control Environment	A	-	-	-	-	-
	B	1	-	1	-	-
	C	2	1	-	1	-
From 2012/13						
Council Tax	A	-	-	-	-	-
	B	2	-	2	-	-
	C	1	-	1	-	-
From 2010/11						
System Development	A	-	-	-	-	-
	B	1	-	-	-	1
	C	-	-	-	-	-
Total		**21**	**14**	**4**	**2**	**1**

1. Management Summary

Overall Conclusion (Cont'd)

The grades, as detailed below, denote the level of importance that should have been given to each recommendation:

A Fundamental issues which required the consideration of the Board;

B Significant matters which could have been resolved by the Assessor;

C Less significant matters that did not require urgent attention but which should have been followed up within a reasonable timescale.

Acknowledgements

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

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014
Performance Reporting 2014/02 **Performance Reporting Information** **R1** Consider whether the format and presentation of performance information could be improved, particularly in order to identify historic trends or compare performance against targets, and to review duplication between the various reports.	C		Y	Assessor	30/6/14	The presentation of the Annual Performance Report has been reviewed and duplication between that report and the Public Performance Report has been removed. Performance against key targets is expressly stated in the Public Performance Report and information over the previous 3 financial years is included in tabular form, which is considered sufficient to identify both actual performance and current trends. **Fully Implemented**

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014
Performance Reporting 2014/02 (cont'd) **R2** Consider reviewing the content of the Service Plan to make this more focussed around areas of greater importance and key initiatives.	C		Y	Assessor	30/6/14	The format of the Corporate Plan & Service Plan has been reviewed and amended to provide greater clarity between the two. The current plan covers the period 2013 – 2016. When this expires a further review of content will be undertaken. ***Fully Implemented***
R3 Put in place a process to formally report progress against key Board initiatives and priorities to management.	C		Y	Assessor	30/9/14	Progress against key initiatives and priorities is reported at regular management meetings and these are detailed on both the agenda and minutes. In addition detailed reports are presented to the Board on key initiatives and priorities such as the implementation of Individual Electoral Registration & the Referendum on Scottish Independence (i.e. in addition to the annual performance report). ***Fully Implemented***

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014
General Ledger 2014/04 *Month / Year-End Financial Close Process* **R1** Ensure that all checks on the monthly accounts checklist are undertaken and evidenced as completed on the checklist.	C		Y	Treasurer	30/09/13	The checks on the monthly accounts checklist have been completed to date and are evidenced on the checklist. *Fully Implemented*
Trial Balance and Control Account Reconciliations **R2** Ensure that the VAT reconciliation is done annually and include this on the accounts preparation checklist to remind Council staff to do this.	C		Y	Treasurer	30/09/13	The VAT reconciliation has been completed for 2013/14. The VAT reconciliation has been included on the Accounts preparation Checklist. *Fully Implemented*

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014
General Ledger 2014/04 (cont'd) **R3** Ensure that there is evidence of all control accounts being checked by the Board's Administration Manager (Finance / Personnel) each month to ensure that balances are either nil or are supported by reconciliations and appropriate explanations.	C		Y	Administration Manager (Finance / Personnel)	30/9/13	The Administration Manager (Finance / Personnel) checks that balances are either nil (or are supported by reconciliations and appropriate explanations) and signs the recharges letter each month to confirm this. ***Fully Implemented***
R4 Ensure the Council provides the Board with appropriate supporting documentation each month to support recharges. The Administration Manager (Finance / Personnel) should then agree the recharges to the supporting documentation and formally evidence this review.	C		Y	Treasurer	30/09/13	Supporting documentation is provided by the Council each month which the Administration Manager (Finance / Personnel) reviews and reconciles against the recharges. ***Fully Implemented***

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014
General Ledger 2014/04 (cont'd) **Journal Entries** **R5** Ensure that all 'Return of credit card purchases' forms have been prepared by one person and authorised by another person before being provided to the Council.	C		Y	Administration Manager (Finance / Personnel)	30/9/13	All "Return of credit card purchases" forms are prepared by the Administration Manager (Finance / Personnel) and then countersigned by either the Assessor or Depute Assessor before being provided to the Council. **Fully Implemented**

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014
Asset Management 2014/05 **General** **R1** A timetable should be established for having the Board's management team discuss and approve the asset management guidelines. Once approved the guidelines should be uploaded on to the Board's intranet within a reasonable timescale.	C	The asset management guidelines will be presented to the next available management team meeting.	Yes	Depute Assessor	28/2/14	The asset management guidelines have been approved and are now available on the Board's intranet. ***Fully Implemented***
Recording of Assets and Checking Physical Existence **R2** The physical checks performed on a sample of higher value, portable and desirable assets should be formally recorded.	C	A formal record will be made of the sample checks made.	Yes	Administration Manager (Finance / Personnel)	31/3/14	A formal record is now kept of the sample checks made. ***Fully Implemented***
Maintenance of Assets **R3** The Board should consider improving its current maintenance arrangements by developing a formal maintenance plan for its assets, together with monitoring arrangements.	C	A maintenance plan will be developed and attached to the asset management guidelines.	Yes	Depute Assessor	28/2/14	A formal maintenance plan has been developed and is attached to the asset management guidelines. ***Fully Implemented***

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014
Payroll and HR / Recruitment / Staff Performance and Development 2014/07 **Payroll Payment Runs** **R1** The Assessor should review all, or at least a sample, of the monthly 'payrun summary analysis' reports and trace the payments per the report back to the signed 'payroll checking sheet' and 'payroll deductions sheet' maintained by the Administration Manager (Finance / Personnel), ensuring the amounts appear reasonable. The 'payrun summary analysis' reports should be signed by the Assessor or another Senior Manager to evidence this review.	B	Arrangements will be made for the Assessor or another Senior Manger to review a sample of the payrun summary analysis.	Y	Assessor / Administration Manager (Finance / Personnel)	31/7/14	The Assessor or another Senior Manger now reviews the payrun summary analysis and checks payments against the monthly payroll checking sheet. The payrun summary report is signed to confirm this check. **Fully Implemented**

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014
Payroll and HR / Recruitment / Staff Performance and Development 2014/07 (cont'd) **R2** Consideration should be given to having all payroll exception reports and 'new starts and leavers' reports sent directly from the Council to the Assessor.	B	Consideration will be given to this issue.	Y	Assessor	31/7/14	Consideration has been given to this issue. For administrative reasons it is important that payroll exception reports are processed in short time. Therefore the payroll exception reports are passed from the Council to the Administration Manager (Finance / Personnel. However, in addition, all payroll exception reports and reports for new starts and leavers are seen and checked by the Assessor or another senior manager and signed to confirm this. **Fully Implemented**
R3 The equality legislation referred to throughout the Board's 'Recruitment and Selection' manual should be reviewed, and where appropriate amended, to ensure reference is being made to the most up-to-date legislation.	C	The Recruitment and Selection manual will be amended to reflect the most up to date legislation.	Y	Depute Assessor	31/7/14	The Recruitment and Selection manual will be amended to reflect the most up to date legislation. Advice is currently being sought from Dundee City Council. **Little or No Progress**

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014
Corporate Governance and Control Environment 2014/08 *Anti-bribery and Anti-corruption* **R1** An assessment should be undertaken to identify areas of risk in terms of non-compliance with the Bribery Act and these should be addressed in the Fraud Guidelines which should also be updated to include a reference to the requirement to comply with the UK Bribery Act 2010.	B	An assessment will be undertaken and consideration will be given to whether the Fraud Guidelines require to be updated.	Y	Assessor	30/9/14	The requirements of the Bribery Act 2010 have been reviewed and the required changes noted. Further advice is being sought from Dundee City Council as to the most appropriate means of implementing these changes. *Partially Implemented*
R2 To ensure bribery prevention policies and procedures are embedded and understood throughout the organisation the related key policies and documents as referred to in the Tayside Valuation Joint Board Fraud Guidelines should be updated at the time of their next review to also include a reference to the requirement to comply with the UK Bribery Act 2010 and cross referred to the Fraud Guidelines.	C	Consideration will be given as key policies and documents are updated as to whether there is a requirement to refer to the UK Bribery Act 2010.	Y	Management Team	30/9/14	The related key policies and Fraud Guidelines will be updated in line with advice from Dundee City Council. *Little or No Progress*

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014
Corporate Governance and Control Environment 2014/08 (cont'd) **R3** In line with recommendations included in the CIPFA Solace guidance and the Public Interests Disclosure Act, consider establishing a Whistle Blowing Policy.	C	A Whistle Blowing Policy will be established.	Y	Depute Assessor	30/9/14	A Whistle Blowing Policy has been approved by the Board and is available to all staff. ***Fully Implemented***

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at May 2014	Progress at December 2014
Council Tax 2013/04 *Warrants System* **R1** In conjunction with the IT team investigate ways of developing the warrants system to produce exception reports which list properties where no action has been taken or notes updated within a reasonable timescale as prescribed by management. Such reports should be reviewed periodically by senior managers to allow cases to be investigated or followed up where necessary.	C	While reports may already be obtained from the database as required, the production of regular reports will reinforce management's checking procedures.	Y	Assistant Assessor, Angus	September 2013	*Management Comment* Report has been specified. Awaiting IT time to develop. *Auditor Comment* The information to be disclosed within the exception reports was agreed at the Council Tax Audit Meeting on 19 June 2013 (which was held to discuss the findings in our internal audit report); however the reports have yet to be developed. It is envisaged that such reports will be prepared for all new domestic properties. Due to IT pressures in relation to Individual Registration the target date for completion of the reports has been put back to end September 2014. ***Partially Implemented***	Due to ongoing pressures on IT development time arising from the Scottish Independence Referendum and the introduction of Individual Electoral Registration the necessary development of Council Tax reports has been further delayed. This is now due to be implemented by 31 March 2015. ***Partially Implemented***

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at May 2014	Progress at December 2014
Council Tax 2013/04 (cont'd) *Valuation List* **R2** Staff should be reminded of the importance of ensuring that CT1 cards are completed in accordance with the Board's procedures, including recording that the Valuation List has been altered and that the banding notice has been checked.	B	Review of procedures, including revision of the CT1 document, is required to accord with current working practices.	Y	Assistant Assessor, Angus	June 2013	*Management Comment* Proposed development awaiting approval of management team *Auditor comment* An e-mail was issued by the Assistant Assessor on 3 May 2013 reminding staff of the importance of ensuring that CT1 cards are completed in accordance with the Board's procedures. The revised CT1 document has since been approved by management and will be implemented as part of the system development due to be completed by the end of September 2014. *Partially Implemented*	Due to ongoing pressures on IT development time arising from the Scottish Independence Referendum and the introduction of Individual Electoral Registration the necessary development of CT1 document has been further delayed. This is now due to be implemented by 31 March 2015. *Partially Implemented*

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at May 2014	Progress at December 2014
Council Tax 2013/04 (cont'd) **R9** Consideration should be given to developing the summary reports similar to those produced in the Perth office to ensure that these are standardised and then implemented across all offices. Consultation with IT staff may readily enable relevant information relative to all domestic properties to be populated and included in the electronic library.	B		Y	Assistant Assessors	June 2013	**Management Comment** Proposed development awaiting approval of management team. **Auditor Comment** Summary reports used by the Perth office have been considered and adapted in order to produce a standardised report for all offices. The report has been approved by management and will be implemented as part of the system development due to be completed by the end of September 2014. **Partially Implemented**	Due to ongoing pressures on IT development time arising from the Scottish Independence Referendum and the introduction of Individual Electoral Registration the necessary development of Council Tax summary reports has been further delayed. This is now due to be implemented by 31 March 2015. **Partially Implemented**

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at March 2012	Progress at March 2013	Progress at December 2013	Progress at December 2014
System Development 2011/08 *Project Management* **R1** If large-scale projects are undertaken in future, consideration should be given to the training needs of the project manager and the project management tools to be employed for the project. This should cover all aspects of the implementation, including setting criteria for testing, user acceptance, training and criteria for assessing the post implementation stage.	B		Yes	Assessor	*Original* On-going	No large scale projects have been undertaken since the last audit. The recommendations will be implemented as required in any future projects. *No Project To Trigger Action*	*No Project To Trigger Action*	*Management Comment* The only major project – the Introduction of Individual Electoral Registration is being project managed jointly by the UK Cabinet Office and the Electoral Commission. *No Project To Trigger Action*	The only major project – the Introduction of Individual Electoral Registration is being project managed jointly by the UK Cabinet Office and the Electoral Commission. *No Project To Trigger Action*

Tayside Valuation Joint Board

Risk Management and Business Continuity 2014/15

Internal Audit Report No: 2015/03

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Contents

1. Management Summary

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 arrangements for risk management and business continuity. 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.

An effective risk management process is essential to ensure that the organisation can effectively react to risks and ensure that the interests of key stakeholders continue to be met.

The Business Continuity Institute defines business continuity management as 'A holistic management process that identifies potential impacts that threaten an organisation and provides a framework for building resilience and the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value creating activities.'

Scope of the Audit

Risk Management
The scope of this audit considered whether there are corporate procedures in place to adequately assess risk and minimise the possibility of unexpected and unplanned situations developing.

Business Continuity
We also considered whether there are adequate plans in place to minimise disruption to operations following loss of life, buildings or equipment, including key IT systems.

The systems and controls reviewed are part of the mitigating actions for several risks noted in the Board's Risk Register, including:

1.1   Total loss of premises
1.2   Total loss of access to/use of building
3.4   Failure of back-up procedures
3.6   Major internal system failure
4.2   Widespread or epidemic/pandemic illness
4.4   Large scale resignation

Electoral registration risks:
2.1   Loss of Electoral Registration office
3.1   Loss of IT capability
7.1   Loss of staff

Objectives of the Audit

Risk Management
To obtain reasonable assurance that:

- A formal risk management process is in place which includes: assessing the organisation's propensity for risk; risk identification and assessment; risk mitigation; and reporting and monitoring of key risks;
- Risk management policies and processes are formally documented;
- Responsibility for managing risks are clearly assigned;
- Staff are trained in risk management; and
- There is an ongoing review of risk management procedures for continual improvement.

1. Management Summary

Objectives of the Audit (continued)

Business Continuity
To obtain reasonable assurance that:

- Business Continuity Plans (BCPs) are in place covering all of the organisation's activities;
- the BCPs are workable, properly communicated to members of staff, and have been adequately tested; and
- the processes and procedures in place follow recommended good practice.

Audit Approach

To consider actions agreed previously that were still outstanding when the follow-up work was carried out in May 2014. These included:

- providing risk management training to staff and management;
- consider applying project management and risk management processes to projects; and
- fully test the IT Disaster Recovery Plan.

Risk Management
We discussed the risk management process with managers and staff and review relevant policies and procedures. Risk management documents and reports, such as the Risk Register and Board papers, were then reviewed. For a sample of managers and staff we discussed the risk management process they use in order to determine how embedded risk management is within the organisation. We considered whether all relevant key risks have been identified and included on the current Risk Register and how often the register is revisited and updated.

Business Continuity
We obtained copies of BCPs in place and consider whether they cover all of the organisation's activities.

The Board's approach to business continuity was discussed with relevant officers and we will review evidence of how plans have been communicated to staff and the extent to which plans have been tested.

An assessment of the key processes and internal controls was performed with reference to the Business Continuity Institute Good Practice Guidelines.

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.

1. Management Summary

Overall Conclusion

Risk Management

A number of good practice actions were identified in the risk management processes. We found there are corporate procedures in place to identify and assess risk, and controls have been identified to minimise the possibility of unexpected and unplanned situations developing. We found that risk management processes are embedded which provide a greater level of assurance that risk management is effective, although this could be enhanced through providing further risk management training to staff involved in risk management processes. We were advised that the Assessor has been in discussions with Dundee City Council to deliver relevant training.

Business Continuity

There are adequate plans in place to minimise disruption to operations following loss of life, buildings or assets, including buildings and key IT systems, however these need to be updated to include the impact of newly installed communications links and then tested to ensure they work well.

Summary of Main Findings and Recommendations

We found that:

Risk Management

- a formal risk management process is in place which includes: assessing the organisation's propensity for risk; risk identification and assessment; risk mitigation and reporting and monitoring of key risks;
- risk management policies and processes are formally documented;
- responsibility for managing risks are clearly assigned;
- staff are not adequately trained in risk management, however the Assessor has identified this weakness and suitable training is to be arranged; and
- there is an ongoing formal review of risk management procedures for continual improvement and further embedding risk management within the organisation.

Business Continuity

- a Board-wide Business Continuity Plan (BCP) is in place covering all of the Board's activities, however the BCP and IT Disaster Recovery Plan (DRP) need to be updated to reflect the lessons learned from the recent experiences during the Scottish Independence Referendum and changes in processes and procedures following the system changes and the newly installed communications introduced for Individual Electoral Registration (IER);
- the Board's current BCP is considered workable and has been properly communicated to members of staff and Senior Officers. Elements of the BCP and IT DRP have been in-formerly tested in recent years however no further desktop testing has been undertaken on a range of disaster scenarios. Once the plans have been updated they should be tested and a regular program of testing put in place; and
- the processes and procedures in place follow recommended good practice as defined by Business Continuity Institute Good Practice Guidelines, except for the points raised above.

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

HENDERSON LOGGIE

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
2.2.4	**R1** Review and update the Business Continuity Plan and IT Disaster Recovery Plan to reflect the new IER procedures and the newly installed IT communications links between the three offices.	B	The Business Continuity Plan and IT Disaster Recovery Plan will be reviewed. An external consultant will be sought to provide appropriate advice.	Y	Assessor	30/9/15.
2.2.4	**R2** Test the updated Business Continuity Plan and IT Disaster Recovery Plan once implemented.	B	The updated Business Continuity Plan and IT Disaster Recovery Plan will be tested once installed.	Y	IT Manager	31/12/15
2.2.4	**R3** Establish a programme of regular testing of the Business Continuity Plan and IT Disaster Recovery Plan.	B	A programme will be established.	Y	IT Manager	31/12/15

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013	Progress at December 2013	Progress at December 2014
R9 Provide risk management training to staff and management.	B	Training courses will be identified or provided in house to be implemented by December 2012.	Yes	Chair of Governance Working Group	September - December 2012	Attempts are being made to identify suitable training courses. *Partially Implemented*	***Management Comment*** Still outstanding – no appropriate training courses have been sourced as yet. *Partially Implemented*	The need for risk management training to be provided to the Management Team has been agreed and the Assessor has arranged for appropriate training to be delivered by Dundee City Council in early 2015. *Partially Implemented*

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013	Progress at December 2013	Progress at December 2014
R11 Consider what project management and risk management processes should be put in place over projects.	C		Yes	Chair of Governance Working Group September 2012	September 2012	Appropriate project management and risk management processes will be put in place for all future projects. There have been no projects to trigger specific action.	***Management Comment*** No projects in progress at this time (Nb the only major project – the Introduction of Individual Electoral Registration is being project managed and risk assessed jointly by the UK Cabinet Office and the Electoral Commission.) ***No Project to Trigger Action***	Although no projects of a significant size have been undertaken in recent years the Assessor is investigating suitable training opportunities for senior management. ***No Project to Trigger Action***

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013	Progress at December 2013	Progress at December 2014
R14 Fully test the DRP to ensure it is robust	B		Yes	Depute Assessor	September 2012	The plan was tested on 5 March 2013 and actions arising from that test are being followed up. Further tests will be undertaken following the installation of additional computer equipment identified as necessary to ensure the robustness of the plan. *Partially Implemented*	***Management Comment*** As a result of the outcome of the test on 5 March a full back-up facility for the electoral registration function has been provided in the Dundee office. Further testing has not yet taken place due to the time required for the implementation of Individual Electoral Registration and the involvement of the IT section in this work. *Partially Implemented*	Although elements of the BCP and DRP have been tested in recent years a programme of regular testing has yet to be developed. As noted at 2.2.4 the BCP and DPR will be reviewed and updated to reflect the new IER procedures and new communications links. *Recommendation superseded by recommendation 3 at 2.2.4*

4. Main Report

1. Risk Management

1.1 TVJB Risk Management Requirements

1.1.1 Tayside Valuation Joint Board's Financial Regulations state that 'The Assessor, in conjunction with the Treasurer, will ensure that the risks faced by the Board are identified and quantified and that effective measures are taken to reduce, eliminate or insure against them' and 'The Risk Management Strategy, Risk Register and Business Continuity Plan should be reviewed and updated annually by the Assessor and presented to the Board'.

1.2 Risk Management Good Practice

1.2.1 There is a wide range of guidance on what constitutes good practice on risk management. This includes:

- HM Treasury Guidance including (2004) Orange Book: Management of Risk – Principles and Concepts;
- HSE - Principles of Sensible Risk Management; and
- BS ISO 31000:2009 Risk Management – Principles and guidelines;
- BS 31100:2011 Risk Management – code of practice and guidance for the implementation of BS ISO 31000

1.2.2 Each standard or framework provides a way of categorising risk to assist identification, assessment and evaluation. The different 'types' of risk that are recognised can be used to tailor an approach to suit any organisation and have the same key principles.

1.2.3 For this review we have chosen best practice in risk management set out in BS ISO 31000:2009, Risk Management – Principles and guidelines which is supported by BS31100:2011 Risk Management – code of practice and guidance for the implementation of BS ISO 31000.

1.2.4 ISO 31000 is a generic risk management standard. It can be used by any organisation no matter what its size or scope of its activities. It can be used by both public and private organisations and by groups, associations, and enterprises of all kinds. It is not specific to any sector or industry and can be applied to any type of risk. It can be used at a strategic or operational level to help make decisions and can be applied to all types of activities. It can be used to help manage processes, operations, projects, programs, products, services, and assets.

1.3 Risk Management Principles

1.3.1 ISO 31000:2009 defines risk as 'the effect of uncertainty on objectives' rather than 'the chance of something happening that will have an impact on objectives'. The standard also introduces 11 principles which include that risk management:

1. Creates and protects value
2. Be an integral part of all organisational processes
3. Be part of decision making
4. Explicitly address uncertainty
5. Be systematic, structured and timely
6. Based on the best available information
7. Be tailored
8. Take into account human and cultural factors
9. Be transparent and inclusive
10. Be dynamic, iterative and responsive to change
11. Facilitate the continual improvement of the organisation

1.   Risk Management (continued)

1.4   Creates and protects value

1.4.1   Good risk management contributes to the achievement of an organisation's objectives through the continuous review of its processes and systems.

1.4.2   The organisation's Risk Management Strategy, which forms part of its internal control and corporate governance arrangements, was last updated and approved by the Joint Committee in May 2014.   The strategy outlines the organisation's underlying approach to risk management, and details the roles and responsibilities of the Elected Members of the Joint Board, the Assessor, management and employees. The Assessor, in conjunction with the Treasurer, ensures that the risks faced by the Board are identified and quantified and that effective measures are taken to reduce, eliminate or insure against them. Overall responsibility for developing and implementing the Risk Management Strategy has been delegated to the Governance Working Group which comprises the Depute Assessor, Assistant Assessors and Principal Valuer.

1.4.3   Management create and protect value by using risk management techniques to help achieve the Board's objectives and improve performance. In line with best practice the process of identifying and scoring the likelihood and impact of key risks for the organisation considers both the financial and non-financial risks facing the Board. The identification process considers risks under six separate headings: premises; finance; IT; staffing; service; and electoral registration. A separate risk register is also in place for Electoral Registration.

1.5   Be an integral part of all organisational processes

1.5.1   Risk management needs to be integrated within a governance framework and become a part of an organisation's planning processes, at both the operational and strategic level.

1.5.2   The Board's Risk Management Strategy states that risk management is an integral part of policy and operational management and that identifying, analysing, controlling and monitoring risk will help elected members and managers make informed decisions about the appropriateness of adopting policy or service delivery options.

1.5.3   All risks associated with services, staff, assets, infrastructure, systems and stakeholders are included in the Board's risk management processes and appear to incorporate both strategic and operational risks.

1.6   Be part of decision making

1.6.1   The process of risk management assists management to make informed choices, identify priorities and select the most appropriate action.

1.6.2   The Governance Working Group has responsibility for preparing, monitoring, maintaining and updating the Board's Risk Register. The Risk Management Strategy sets out policy in respect of business risk and provides a framework to structure the approach.

1.7   Explicitly address uncertainty

1.7.1   By identifying potential risks, organisations can implement controls and treatments to maximise the chance of gain while minimising the chance of loss.

1.7.2   The Board has adopted a four stage approach to risk management, which includes risk identification; risk analysis; quantifying risk; and risk control. This process allows management to address the uncertainty that the Board faces with risks identified included in the risk register. Risks are scored according to likelihood of occurrence and impact that the risk would have on the Board's activities. The risk register also includes details of mitigating controls put in place to further reduce risks to a level that the Board is willing to accept.

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1. *Risk Management (continued)*

1.8   Be systematic, structured and timely

1.8.1   The process of risk management should be consistent across the organisation to ensure efficiency, consistency and the reliability of results.

1.8.2   The risk register is also reviewed quarterly by the Governance Working Group and is a standing item on the agenda at meetings of the Group. The Risk Register is also discussed at monthly meetings of the Board's Management Team. The Assessor has overall responsibility for the risk register and presents this annually to the Joint Board. The Board's structure and approach in this regard appears reasonable.

1.9   Based on the best available information

1.9.1   To effectively manage risk it is important to understand and consider all available information relevant to an activity and to be aware that there may be limitations on that information. It is then important to understand how all this information informs the risk management process.

1.9.2   The effectiveness of any actions taken to mitigate risks, including amendments to operating practices are monitored and reviewed regularly by the Management Team and Governance Working Group. The Board's specific IT risks are identified, analysed and controlled by the IT Working Group. The nature of the risks identified by the Board are assessed over time and the effects of any changes considered.

1.10   Be tailored

1.10.1 A risk management framework needs to include the organisation's risk profile, as well as take into consideration its internal and external operating environment.

1.10.2 Regular reviews of the Risk Management Strategy are included in the Board's Service Plan. The risk register contains all risks identified by management relating to all of the Board's activities, including financial and non-financial, and strategic and operational risks. The Board's risk appetite has been assessed as moderate in most cases. In certain cases, such as time critical periods associated with electoral registration, the risk appetite has been assessed as zero. The Board's approach to risk management therefore appears aligned with both its internal and external context and with its risk profile.

1.11   Take into account human and cultural factors

1.11.1 Risk management needs to recognise the contribution that people and culture have on achieving the organisation's objectives.

1.11.2 The Board's approach to risk management recognises and considers the human and cultural factors that can influence the achievement of its corporate objectives. The risk register identifies risk owners who are given the authority to manage those risks. The Risk Management Strategy details the roles and responsibilities relating to risk management processes and make risk owners accountable for managing risk.

1.12   Be transparent and inclusive

1.12.1 Engaging stakeholders, both internal and external, throughout the risk management process recognises that communication and consultation are key to identifying, analysing and monitoring risk.

1.12.2 The Board's Risk Management Strategy is publicly available on the Board's website. Staff also have access to copies available on the organisation's internal computer network. The Board's approach to risk management appears inclusive as risks associated with key stakeholders are included on the risk register and senior managers are in regular discussion with stakeholders in order to identify potential risks which may affect both parties.

4. Main Report

1.   Risk Management (continued)

1.12   Be transparent and inclusive (continued)

1.12.3 The Board communicates with stakeholders about the way in which the Board is managing risk to give them assurance that the Board will deliver the key corporate objectives outlined in the Service Plan. The Board's Service Plan provides assurance that the importance of building partnerships / relationships with key stakeholders has been recognised and appropriate lines of communication put in place. In order to understand key stakeholder risks and how these might affect the Board, senior management regularly discuss risks during meetings with staff from each of the constituent local authorities. Copies of the Board's risk registers are also passed to each local authority.

1.13   Be dynamic, iterative and responsive to change

1.13.1 The process of managing risk needs to be flexible. The environment in which an organisation operates may require management to consider the context for managing risk as well as continuing to identify new risks that emerge, and make allowances for those risks that no longer exist.

1.13.2 During our previous review of this area covered by internal audit report 2012/04 Risk Management and Business Continuity Planning, issued in May 2012, we noted that there were varying levels of awareness of risk management amongst staff. From our discussion with staff during this review we noted that although staff are aware of the risks identified on the risk register and day to day operational risks and controls there is a requirement for further formal risk management training to be provided to staff involved in risk management processes. We previously recommended that risk management training be provided to staff and management. It is our understanding that the Assessor has made arrangements with Dundee City Council to provide appropriate training and it is expected that this will be delivered in early 2015. As this is an outstanding action from previous internal audit reports we have not raised a recommendation within this report and progress made with the outstanding action will be followed up and reported separately as part of future follow-up reviews.

1.14   Facilitate the continual improvement of the organisation

1.14.1 Organisations with a mature risk management culture are those that have invested resources over time and are able to demonstrate the continual achievement of their objectives.

1.14.2 In internal audit report 2012/4, issued in May 2012, we noted that there is no formal project management methodology, or risk management within major projects. We recommended that that Board consider what project management and risk management processes should be put in place over projects. There have been no projects of a significant size in recent years which would require a project management methodology to be applied. The Assessor is investigating suitable project management training opportunities for senior management in order that formal project management processes can be applied to future projects. As this is an outstanding action from previous internal audit reports we have not raised a recommendation within this report and progress made with the outstanding action will be followed up and reported separately as part of future follow-up reviews.

1.14.3 The effective management of risk is a critical part of the Board's approach to delivering the sound governance element of Best Value. The Board has made significant progress is developing its risk management processes in recent years and these will continue to be enhanced through continual review of the framework outlined in the Risk Management Strategy and completion of the outstanding actions detailed in section 2.

4. Main Report

2. *Business Continuity*

2.1 Arrangements in Place

2.1.1 The Board's Business Continuity Plan (BCP) was last reviewed in May 2014 by the Assistant Assessor, Angus, in conjunction with other members of the Board's Governance Working Group. The BCP provides a framework of coordinated measures to ensure that, in the event of significant incident, critical services are maintained and systems are restored within an acceptable timescale. The objectives of the BCP include developing internal arrangements and contingency measures for dealing with the loss of critical functions / assets; and to deliver essential services to stakeholders. We reviewed the plan using the British Continuity Institute Good Practice Guidelines and confirmed that the plan includes the key elements required including:

- the Board's definition of the scope of the BCP;
- a documented operational framework for dealing with a disaster or significant event including roles and responsibilities of groups and individuals;
- core business functions;
- key contacts;
- incident definitions and notification;
- escalation and reporting procedures; and
- training and awareness.

2.1.2 The plan sets out that in the event of an incident there will be an Incident Management Team which is responsible for invoking the plan and co-ordinating action. It also covers providing communications to management, employees and the constituent local authorities who are involved in carrying out specific actions assigned to them or undertaking responsibilities as outlined in the BCP.

2.1.3 Responsibility for declaring an 'emergency' and invoking the BCP lies with the Assessor, the Depute Assessor, the three Assistant Assessors and the Administration Managers, as appropriate.

2.1.4 In the event of invoking the BCP an operational base would be set up in the Assessor's main office in Dundee. Contingency arrangements for establishing an operational base in the Perth and Forfar offices would be made in the event that the Dundee office was not available. The plan also sets out details of management, communications, logging, recovery actions for various disaster scenarios and reporting of an incident.

2.1.5 Although the Assessor has overall responsibility for the BCP, the Assistant Assessor (Angus), as Chair of the Governance Working Group, is responsible for keeping the BCP up-to-date and is also responsible for updating the lists of internal and external contact numbers in the BCP.

2.2 British Continuity Institute Good Practice Guidelines

2.2.1 The British Continuity Institute Good Practice Guidelines ('the Guide') provides guidance on good practice covering the whole Business Continuity Management (BCM) lifecycle from the initial recognition of the need for the development of a BCM programme to the on-going maintenance of a mature business continuity system.

2.2.2 The Guide contains six sections which are in line with references and definitions outlined in the British Standard (BS) 25999 *'Business continuity management'*. These are:

- The Business Continuity Policy;
- Understanding the Organisation;
- Determining the Business Continuity Strategy;
- Developing and Implementing the Business Continuity Response;
- Exercising, maintaining and Reviewing Business Continuity Arrangements; and
- Embedding Business Continuity in the Organisation's Culture.

2. *Business Continuity*

4. Main Report

2.2   British Continuity Institute Good Practice Guidelines (continued)

2.2.3   As part of this audit we reviewed the Board's BCP against the Guide and noted that overall the Board's plan is in line with the Guide, however we have identified several minor areas for improvement which are outlined in the following paragraphs.

2.2.4   *Observations*
As part of the Board's arrangements for ongoing business continuity management a BCP has been developed by senior management and agreed by the Joint Board. The BCP is subject to regular review. However, a programme of regular testing has yet to be developed. In internal audit report 2012/4, issued in May 2012, we noted although elements of the BCP and IT Disaster Recovery Plan (DRP) had been tested in the past a programme of regular testing had not been developed and that Board staff had not tested the IT DRP to determine whether it is robust. Since our last review back-up testing of the data saved on the Board's computer servers and tapes was performed in March 2013. The recent Scottish Independence Referendum resulted in the Board's systems being severely tested as a result of an unprecedented number of the electorate registering to vote. Management are undertaking a formal debrief to identify the lessons learned from the Scottish Independence Referendum Although not completed at the time of our visit, management's review is well advanced and it is expected to be completed in early 2015.

The BCP includes relocating office functions to one of the other offices in the event of a loss of services at any office. The Board will work closely with communications providers to establish links between the offices with staff relocated and systems accessed from alternative accommodation. Other external agencies will also be contacted. From our initial discussions with staff we noted that dedicated fibre optic links between each of the offices were connected in November 2014 which provides additional resilience to the inter office communications systems. The lines are to be fully tested prior to being implemented. These improvements have not yet been reflected within the BCP or IT DRP.

The Assessor has indicated that a full review of the BCP and DPR will be undertaken in light of these changes, including a review of back-up processes, and to take account of the post referendum debrief

Risks
BCP arrangements may not work in practice and staff readiness for incidents may not be as good as it could be.

The BCP does not accurately reflect the Board's current arrangements and if it is invoked it may not achieve its objective.

Recommendations
R1   Review & update the Business Continuity Plan and IT Disaster Recovery Plan to reflect the new IER procedures and the newly installed IT communications links between the three offices.

R2   Test the updated Business Continuity Plan and IT Disaster Recovery Plan once implemented.

R3   Establish a programme of regular testing of the Business Continuity Plan and IT Disaster Recovery Plan.

Benefits
In the event of an incident, staff will be able to react more quickly in line with robust plans.

2.2.5   A graphic showing potential testing exercises is included at Appendix I.

4. Main Report

2. Business Continuity

2.2 British Continuity Institute Good Practice Guidelines (continued)

2.2.6 A Business Impact Analysis (BIA) provides a technique for systematically assessing the impact of disruptions to services. This can be used to make a decision as to which services should be included within the scope of the BCP based on the timescale and extent of the impact of the disruption. Given the limited nature of the Board's activities (Council Tax, Non-Domestic Rating and Electoral Registration) a full BIA is not considered necessary. However, the risks associated with each area are fully documented in the Risk Registers for each area and the impact of a loss of each service is detailed in the BCP.

Appendix I

Testing Exercises for the Business Continuity Plan

TYPE OF TEST	PROCESS	PARTICIPANTS	FREQUENCY	COMPLEXITY
			HIGH	**LOW**
DESKTOP REVIEW	Check the contents of the plan as a precursor to maintenance of the plan.	Author of plan Another manager (for verification purposes)	↑	↑
WALKTHROUGH	Carry out an extended desktop review to check interaction and roles of participants.	Author of plan Main participants	│	│
SIMULATION EXERCISE	Incorporates other associated plans such as the Service plan.	Main Participants: Observers Co-ordinators	│	│
ACTIVITY TESTING	Moves work to another site. Recreates the existing work from the displaced site.	Employees in a service area Hot site suppliers Observers Co-ordinators	│	│
FULL TEST	Shuts down an entire building and relocates work.	All employees in a building Hot site suppliers Co-ordinators Observers	↓	↓
			LOW	**HIGH**

Figure : Exercising types (from the AA) (Source: Elliot, Swartz and Herbane 1999 p.84)

HENDERSON LOGGIE
Chartered Accountants

Tayside Valuation Joint Board

Follow-Up Reviews
2014/15

Internal Audit Report No: 2015/04

Draft Issued: 8 January 2015

Final Issued: 8 January 2015

Contents

1. Management Summary

Introduction and Background

We have been re-appointed as Internal Auditors to Tayside Valuation Joint Board ('the Board') for the period 1 April 2013 to 31 March 2016. The Internal Audit Plan for 2014/15 includes 2 days for a follow-up of the recommendations made in Internal Audit reports issued during 2013/14. These were:

- Internal Audit Report 2014/01 – Audit Needs Assessment and Strategic Plan 2013 to 2016;
- Internal Audit Report 2014/02 – Annual Plan;
- **Internal Audit Report 2014/03 – Performance Reporting;**
- **Internal Audit Report 2014/04 – General Ledger;**
- **Internal Audit Report 2014/05 – Asset Management;**
- **Internal Audit Report 2014/06 – Follow-Up Reviews;**
- **Internal Audit Report 2014/07 – Payroll and HR / Recruitment / Staff Performance & Development;**
- **Internal Audit Report 2014/08 – Corporate Governance and Control Environment**; and
- Internal Audit Report 2014/09 – Annual Report.

Reports 2014/01, 2014/02 and 2014/09 did not contain an action plan and therefore no follow-up was required. **The reports in bold have been followed-up as part of this review.**

Report 2014/06 included three outstanding actions from 2012/13 reports and one outstanding action from 2010/11 reports that were required to be followed-up again this year. In one instance there had been no project to trigger the action. Three outstanding actions from 2011/12 relating to Risk Management and Business Continuity have been followed up separately and reported in Report 2015/03.

Audit Scope and Objectives

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

Audit Approach

The audit approach taken was as follows:

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

Overall Conclusion

The Board has made good progress in implementing the 21 recommendations contained within the internal audit reports listed above with 14 recommendations being assessed as fully implemented.

Of the remaining seven recommendations:

- One has been noted as 'no project to trigger action', relating to Project Management;

- Two actions where little or no progress has been made relate to updating policies and procedures in line with the requirements of the Bribery Act and Equality Act which will be completed once further advice has been provided by Dundee City Council; and

1. Management Summary

Overall Conclusion (Cont'd)

- Three of the four partially implemented actions relate to the Council Tax report and it is envisaged that these will be fully implemented later in the year following input from the IT section once resources allow. All partially implemented recommendations will be followed-up again next year.

Our findings from each of the follow-up reviews have been summarised as follows:

	From Original Reports		From Follow-Up Work Performed			
Area	Recommendation Grades	Number Agreed	Fully Implemented	Partially Implemented	Little or No Progress	No Project To Trigger Action
From 2013/14						
Performance Reporting	A	-	-	-	-	-
	B	-	-	-	-	-
	C	3	3	-	-	-
General Ledger	A	-	-	-	-	-
	B	-	-	-	-	-
	C	5	5	-	-	-
Asset Management	A	-	-	-	-	-
	B	-	-	-	-	-
	C	3	3	-	-	-
Payroll and HR / Recruitment / Staff Performance & Development	A	-	-	-	-	-
	B	2	2	-	-	-
	C	1	-	-	1	-
Corporate Governance and Control Environment	A	-	-	-	-	-
	B	1	-	1	-	-
	C	2	1	-	1	-
From 2012/13						
Council Tax	A	-	-	-	-	-
	B	2	-	2	-	-
	C	1	-	1	-	-
From 2010/11						
System Development	A	-	-	-	-	-
	B	1	-	-	-	1
	C	-	-	-	-	-
Total		**21**	**14**	**4**	**2**	**1**

1. Management Summary

Overall Conclusion (Cont'd)

The grades, as detailed below, denote the level of importance that should have been given to each recommendation:

A   Fundamental issues which required the consideration of the Board;

B   Significant matters which could have been resolved by the Assessor;

C   Less significant matters that did not require urgent attention but which should have been followed up within a reasonable timescale.

Acknowledgements

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

2. Updated Action Plan – 2013/14 Reports

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014
Performance Reporting 2014/02 *Performance Reporting Information* **R1** Consider whether the format and presentation of performance information could be improved, particularly in order to identify historic trends or compare performance against targets, and to review duplication between the various reports.	C		Y	Assessor	30/6/14	The presentation of the Annual Performance Report has been reviewed and duplication between that report and the Public Performance Report has been removed. Performance against key targets is expressly stated in the Public Performance Report and information over the previous 3 financial years is included in tabular form, which is considered sufficient to identify both actual performance and current trends. ***Fully Implemented***

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014
Performance Reporting 2014/02 (cont'd) **R2** Consider reviewing the content of the Service Plan to make this more focussed around areas of greater importance and key initiatives.	C		Y	Assessor	30/6/14	The format of the Corporate Plan & Service Plan has been reviewed and amended to provide greater clarity between the two. The current plan covers the period 2013 – 2016. When this expires a further review of content will be undertaken. ***Fully Implemented***
R3 Put in place a process to formally report progress against key Board initiatives and priorities to management.	C		Y	Assessor	30/9/14	Progress against key initiatives and priorities is reported at regular management meetings and these are detailed on both the agenda and minutes. In addition detailed reports are presented to the Board on key initiatives and priorities such as the implementation of Individual Electoral Registration & the Referendum on Scottish Independence (i.e. in addition to the annual performance report). ***Fully Implemented***

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014
General Ledger 2014/04 **Month / Year-End Financial Close Process** **R1** Ensure that all checks on the monthly accounts checklist are undertaken and evidenced as completed on the checklist.	C		Y	Treasurer	30/09/13	The checks on the monthly accounts checklist have been completed to date and are evidenced on the checklist. ***Fully Implemented***
Trial Balance and Control Account Reconciliations **R2** Ensure that the VAT reconciliation is done annually and include this on the accounts preparation checklist to remind Council staff to do this.	C		Y	Treasurer	30/09/13	The VAT reconciliation has been completed for 2013/14. The VAT reconciliation has been included on the Accounts preparation Checklist. ***Fully Implemented***

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014
General Ledger 2014/04 (cont'd) **R3** Ensure that there is evidence of all control accounts being checked by the Board's Administration Manager (Finance / Personnel) each month to ensure that balances are either nil or are supported by reconciliations and appropriate explanations.	C		Y	Administration Manager (Finance / Personnel)	30/9/13	The Administration Manager (Finance / Personnel) checks that balances are either nil (or are supported by reconciliations and appropriate explanations) and signs the recharges letter each month to confirm this. ***Fully Implemented***
R4 Ensure the Council provides the Board with appropriate supporting documentation each month to support recharges. The Administration Manager (Finance / Personnel) should then agree the recharges to the supporting documentation and formally evidence this review.	C		Y	Treasurer	30/09/13	Supporting documentation is provided by the Council each month which the Administration Manager (Finance / Personnel) reviews and reconciles against the recharges. ***Fully Implemented***

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014
General Ledger 2014/04 (cont'd) **Journal Entries** **R5** Ensure that all 'Return of credit card purchases' forms have been prepared by one person and authorised by another person before being provided to the Council.	C		Y	Administration Manager (Finance / Personnel)	30/9/13	All "Return of credit card purchases" forms are prepared by the Administration Manager (Finance / Personnel) and then countersigned by either the Assessor or Depute Assessor before being provided to the Council. ***Fully Implemented***

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014
Asset Management 2014/05 *General* **R1** A timetable should be established for having the Board's management team discuss and approve the asset management guidelines. Once approved the guidelines should be uploaded on to the Board's intranet within a reasonable timescale.	C	The asset management guidelines will be presented to the next available management team meeting.	Yes	Depute Assessor	28/2/14	The asset management guidelines have been approved and are now available on the Board's intranet. *Fully Implemented*
Recording of Assets and Checking Physical Existence **R2** The physical checks performed on a sample of higher value, portable and desirable assets should be formally recorded.	C	A formal record will be made of the sample checks made.	Yes	Administration Manager (Finance / Personnel)	31/3/14	A formal record is now kept of the sample checks made. *Fully Implemented*
Maintenance of Assets **R3** The Board should consider improving its current maintenance arrangements by developing a formal maintenance plan for its assets, together with monitoring arrangements.	C	A maintenance plan will be developed and attached to the asset management guidelines.	Yes	Depute Assessor	28/2/14	A formal maintenance plan has been developed and is attached to the asset management guidelines. *Fully Implemented*

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014
Payroll and HR / Recruitment / Staff Performance and Development 2014/07 *Payroll Payment Runs* **R1** The Assessor should review all, or at least a sample, of the monthly 'payrun summary analysis' reports and trace the payments per the report back to the signed 'payroll checking sheet' and 'payroll deductions sheet' maintained by the Administration Manager (Finance / Personnel), ensuring the amounts appear reasonable. The 'payrun summary analysis' reports should be signed by the Assessor or another Senior Manager to evidence this review.	B	Arrangements will be made for the Assessor or another Senior Manger to review a sample of the payrun summary analysis.	Y	Assessor / Administration Manager (Finance / Personnel)	31/7/14	The Assessor or another Senior Manger now reviews the payrun summary analysis and checks payments against the monthly payroll checking sheet. The payrun summary report is signed to confirm this check. ***Fully Implemented***

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014
Payroll and HR / Recruitment / Staff Performance and Development 2014/07 (cont'd) **R2** Consideration should be given to having all payroll exception reports and 'new starts and leavers' reports sent directly from the Council to the Assessor.	B	Consideration will be given to this issue.	Y	Assessor	31/7/14	Consideration has been given to this issue. For administrative reasons it is important that payroll exception reports are processed in short time. Therefore the payroll exception reports are passed from the Council to the Administration Manager (Finance / Personnel. However, in addition, all payroll exception reports and reports for new starts and leavers are seen and checked by the Assessor or another senior manager and signed to confirm this. ***Fully Implemented***
R3 The equality legislation referred to throughout the Board's 'Recruitment and Selection' manual should be reviewed, and where appropriate amended, to ensure reference is being made to the most up-to-date legislation.	C	The Recruitment and Selection manual will be amended to reflect the most up to date legislation.	Y	Depute Assessor	31/7/14	The Recruitment and Selection manual will be amended to reflect the most up to date legislation. Advice is currently being sought from Dundee City Council. ***Little or No Progress***

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014
Corporate Governance and Control Environment 2014/08 ***Anti-bribery and Anti-corruption*** **R1** An assessment should be undertaken to identify areas of risk in terms of non-compliance with the Bribery Act and these should be addressed in the Fraud Guidelines which should also be updated to include a reference to the requirement to comply with the UK Bribery Act 2010.	B	An assessment will be undertaken and consideration will be given to whether the Fraud Guidelines require to be updated.	Y	Assessor	30/9/14	The requirements of the Bribery Act 2010 have been reviewed and the required changes noted. Further advice is being sought from Dundee City Council as to the most appropriate means of implementing these changes. ***Partially Implemented***
R2 To ensure bribery prevention policies and procedures are embedded and understood throughout the organisation the related key policies and documents as referred to in the Tayside Valuation Joint Board Fraud Guidelines should be updated at the time of their next review to also include a reference to the requirement to comply with the UK Bribery Act 2010 and cross referred to the Fraud Guidelines.	C	Consideration will be given as key policies and documents are updated as to whether there is a requirement to refer to the UK Bribery Act 2010.	Y	Management Team	30/9/14	The related key policies and Fraud Guidelines will be updated in line with advice from Dundee City Council. ***Little or No Progress***

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014
Corporate Governance and Control Environment 2014/08 (cont'd) **R3** In line with recommendations included in the CIPFA Solace guidance and the Public Interests Disclosure Act, consider establishing a Whistle Blowing Policy.	C	A Whistle Blowing Policy will be established.	Y	Depute Assessor	30/9/14	A Whistle Blowing Policy has been approved by the Board and is available to all staff. ***Fully Implemented***

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at May 2014	Progress at December 2014
Council Tax 2013/04 **Warrants System** **R1** In conjunction with the IT team investigate ways of developing the warrants system to produce exception reports which list properties where no action has been taken or notes updated within a reasonable timescale as prescribed by management. Such reports should be reviewed periodically by senior managers to allow cases to be investigated or followed up where necessary.	C	While reports may already be obtained from the database as required, the production of regular reports will reinforce management's checking procedures.	Y	Assistant Assessor, Angus	September 2013	**Management Comment** Report has been specified. Awaiting IT time to develop. **Auditor Comment** The information to be disclosed within the exception reports was agreed at the Council Tax Audit Meeting on 19 June 2013 (which was held to discuss the findings in our internal audit report); however the reports have yet to be developed. It is envisaged that such reports will be prepared for all new domestic properties. Due to IT pressures in relation to Individual Registration the target date for completion of the reports has been put back to end September 2014. ***Partially Implemented***	Due to ongoing pressures on IT development time arising from the Scottish Independence Referendum and the introduction of Individual Electoral Registration the necessary development of Council Tax reports has been further delayed. This is now due to be implemented by 31 March 2015. ***Partially Implemented***

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at May 2014	Progress at December 2014
Council Tax 2013/04 (cont'd) **Valuation List** **R2** Staff should be reminded of the importance of ensuring that CT1 cards are completed in accordance with the Board's procedures, including recording that the Valuation List has been altered and that the banding notice has been checked.	B	Review of procedures, including revision of the CT1 document, is required to accord with current working practices.	Y	Assistant Assessor, Angus	June 2013	**Management Comment** Proposed development awaiting approval of management team **Auditor comment** An e-mail was issued by the Assistant Assessor on 3 May 2013 reminding staff of the importance of ensuring that CT1 cards are completed in accordance with the Board's procedures. The revised CT1 document has since been approved by management and will be implemented as part of the system development due to be completed by the end of September 2014. **Partially Implemented**	Due to ongoing pressures on IT development time arising from the Scottish Independence Referendum and the introduction of Individual Electoral Registration the necessary development of CT1 document has been further delayed. This is now due to be implemented by 31 March 2015. **Partially Implemented**

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at May 2014	Progress at December 2014
Council Tax 2013/04 (cont'd) **R9** Consideration should be given to developing the summary reports similar to those produced in the Perth office to ensure that these are standardised and then implemented across all offices. Consultation with IT staff may readily enable relevant information relative to all domestic properties to be populated and included in the electronic library.	B		Y	Assistant Assessors	June 2013	***Management Comment*** Proposed development awaiting approval of management team. ***Auditor Comment*** Summary reports used by the Perth office have been considered and adapted in order to produce a standardised report for all offices. The report has been approved by management and will be implemented as part of the system development due to be completed by the end of September 2014. ***Partially Implemented***	Due to ongoing pressures on IT development time arising from the Scottish Independence Referendum and the introduction of Individual Electoral Registration the necessary development of Council Tax summary reports has been further delayed. This is now due to be implemented by 31 March 2015. ***Partially Implemented***

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at March 2012	Progress at March 2013	Progress at December 2013	Progress at December 2014
System Development 2011/08 *Project Management* **R1** If large-scale projects are undertaken in future, consideration should be given to the training needs of the project manager and the project management tools to be employed for the project. This should cover all aspects of the implementation, including setting criteria for testing, user acceptance, training and criteria for assessing the post implementation stage.	B		Yes	Assessor	***Original*** On-going	No large scale projects have been undertaken since the last audit. The recommendations will be implemented as required in any future projects. ***No Project To Trigger Action***	***No Project To Trigger Action***	***Management Comment*** The only major project – the Introduction of Individual Electoral Registration is being project managed jointly by the UK Cabinet Office and the Electoral Commission. ***No Project To Trigger Action***	The only major project – the Introduction of Individual Electoral Registration is being project managed jointly by the UK Cabinet Office and the Electoral Commission. ***No Project To Trigger Action***