

REPORT TO: TAYSIDE VALUATION JOINT BOARD – 13 JUNE 2016

REPORT ON: INTERNAL AUDIT

REPORT BY: ASSESSOR

REPORT NO: TVJB 7-2016

1 PURPOSE OF REPORT

- 1.1 To present to the Board the Internal Audit Reports; 2016/05 – Budget setting and Budgetary Control, 2016/06 Corporate Planning, 2016/07 - Follow-Up Reviews and 2016/08 – Annual Report, which are attached as a Appendices to this report.

2 RECOMMENDATIONS

- 2.1 The Board is asked to note the contents of the Audit 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, were appointed to provide an Internal Audit Service in respect of the financial years 2013/14 to 2015/16. Audit work has proceeded in accordance with the Audit Needs Assessment and Strategic Plan for the period 2013 to 2016 approved by the Board on 26 August 2013.
- 5.2 Internal Audit Report 2016/05 – Budget Setting and Budgetary Control - is attached as Appendix 1. The Report found that overall the level of assurance was good and that the system meets the control objectives. No weaknesses were identified and no action points were noted.
- 5.3 Internal Audit Report 2016/06 – Corporate Planning - is attached as Appendix 2. The Report found that overall the level of assurance was good and that the system meets the control objectives. No weaknesses were identified and no action points were noted. An updated Corporate and Service Plan has been prepared for the period 2016 – 2019 which will be presented to the Board separately.
- 5.4 Internal Audit Report 2016/07 - Follow-Up Reviews 2015/16 - is attached as Appendix 3. The Report concludes that good progress has been made in implementing the 22 recommendations with 15 of the recommendations being assessed as "fully implemented". 3 of the recommendations have been noted as "no project to trigger action" and the remaining 4 recommendations are assessed as "partially implemented". All outstanding issues will be addressed by the management team in accordance with the agreed action plans.

5.5 Internal Audit Report 2016/08 – Annual Report 2015/16 - is attached as Appendix 4. The Report summarises the audit work undertaken throughout the year and identifies that in the opinion of the Internal Auditor the Board operates adequate and effective internal control systems as defined in the Audit Needs Assessment.

6 CONSULTATION

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

7 BACKGROUND PAPERS

7.1 None.

ALASTAIR KIRKWOOD
Assessor

June 2016



Tayside Valuation Joint Board

Budget Setting and Budgetary Control

Internal Audit Report No: 2016/05

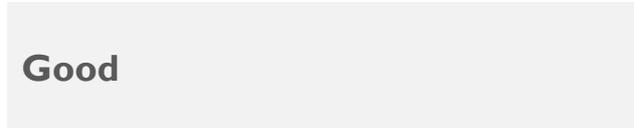
Draft Issued: 26 April 2016

Final Issued: 27 April 2016



LEVEL OF ASSURANCE

Good



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Level of Assurance

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

Gradings are defined as follows:

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

Action Grades

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

1. Overall Level of Assurance

Good	System meets control objectives.
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2. Risk Assessment

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

2.2 – Unexpected Expenditure leading to cash flow problems.

3. Background

As part of the Internal Audit programme at Tayside Valuation Joint Board ('the Board',) for 2015/16, we carried out a review of the budget setting and budgetary control processes in place. Our Audit Needs Assessment identified these as areas where risk can arise and where Internal Audit can assist in providing assurances to the Joint Board and Assessor that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The Board's budgeted revenue income for 2015/16 totals:

Budget Head	Revenue Budget (£)
Valuation Requisition Apportionment	2,864,701
Registration Recharge	405,259
Additional Electoral Registration Duties	27,000
Sale Of Electoral Register	8,000
Interest On Revenue Balances	2,000
Telephone Calls	300
Sale Of Valuation Roll / Council Tax List	200
Survey Fees	100
Total Income	3,307,560

3. Background (continued)

Budgeted expenditure for 2015/16 amounts to:

Budget Head	Revenue Budget (£)
Staff Costs	2,507,067
Property Costs	337,545
Supplies and Services	324,250
Transport	56,500
Valuation Appeal Committee	50,000
Total Expenditure	3,325,362

In addition to approving the provisional revenue budget 2015/16 at its meeting on 26 January 2015 the Joint Board also approved the updated capital expenditure programme for the period 2015/16 to 2017/18. The programme highlighted an expenditure level of £23,000 per annum, to be funded by the constituent Councils.

The Board has a service level agreement with Dundee City Council (DCC) for a number of financial services, including budgetary control. The agreed service includes assistance with the preparation of annual revenue / capital budgets; the regular monitoring of revenue expenditure and preparation of budgetary control statements; and the monthly monitoring of capital expenditure and preparation of capital monitoring statements.

4. Scope, Objectives and Overall Findings

This review covered the processes and controls in place for budget setting and budgetary control within the Board.

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

Objective	Findings		
	1	2	3
The objective of this audit was to obtain reasonable assurance that:			
	No. of Agreed Actions		
1. Budgets are set and approved in accordance with the Financial Regulations and Procedures.	Good	0	0
2. Budgets are controlled and monitored in accordance with the Financial Regulations and Procedures.	Good	0	0
3. Information is available to management which is up-to-date and in a format that can be easily understood.	Good	0	0
4. Budget holders have the necessary skills for managing budgets.	Good	0	0
5. Budget variations are reported and acted upon.	Good	0	0
6. Senior management and the Board regularly review the organisation's overall financial position.	Good	0	0
Overall Level of Assurance	Good	0	0
		System meets control objectives.	

5. Audit Approach

We assessed whether the above objectives are being met by documenting the systems and controls through discussions with the Administration Manager and the Assessor at the Dundee office and by review of the Financial Regulations. We reviewed the information provided to the Administration Manager, Senior Management and the Joint Board. We also established whether the expected key controls are in place by reference to standard control risk assessment templates and completion of a budgetary control assessment 'pro-forma'.

Finally, we performed compliance testing where necessary to determine whether these controls are working effectively.

6. Summary of Main Findings

Strengths

- The Board's financial regulations set out clear responsibility for setting, approving and monitoring and these regulations are followed in practice.
- Although no monthly monitoring reports are produced the Administration Manager has full real time access to the financial system and budget information and quarterly revenue monitoring reports are produced for the Board in a user friendly format.
- The Assessor and other relevant staff have the necessary skills required to be able to fulfil their responsibilities in relation to budgets.
- There are clear responsibilities and processes for identifying and acting upon budget variations.
- Appropriate budget information is provided to the Board and is reviewed on a quarterly basis.

Weaknesses

- No significant weaknesses were noted during our review.

7. Acknowledgements

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

8. Action Plan

Objective 1: Budgets are set and approved in accordance with the Financial Regulations and Procedures.

Objective 2: Budgets are controlled and monitored in accordance with the Financial Regulations and Procedures.

Financial Regulations

In accordance with section 2.2 of the Financial Regulations 'The Assessor shall prepare estimates of income and expenditure on revenue accounts covering the specified period and shall provide the Treasurer with all necessary information regarding requirements on a timeous basis'. Section 2.4 states: 'The Treasurer shall review the Revenue Budget and submit a report to the Board for detailed consideration'.

In line with section 3.1 of the Financial Regulations 'The Treasurer shall submit a report to the Board which will detail the Board's proposed capital programme and how it is to be financed'.

Section 4 of the Financial Regulations sets out the delegated responsibilities for budget monitoring. 'The primary responsibility for detailed monitoring and control of the Board's revenue and capital expenditure lies with the Assessor'.

Procedures in Place

A draft revenue budget is prepared each year by the Assessor and Administration Manager. The revenue budget setting process begins in November each year. The draft budget is largely based on historical data; however the Administration Manager will take into consideration any potential factors that may influence the budget such as inflation or required reduction in budget. In November each year the Administration Manager, in consultation with the IT Manager, will prepare a revised three year capital plan. Draft budgets / plans are then discussed with the Treasurer and the Board's accountant at DCC and amendments made if required. The provisional revenue budget and proposed three year capital expenditure programmes are submitted for approval by the Board in January.

The Assessor as the sole budget holder monitors spend at the Board with assistance from the Administration Manager. The Administration Manager has access to the finance system. He reviews the budget position on a frequent basis and can advise the Assessor of any potential issues arising and provide information required for decision making purposes. The Assessor also has direct input into the preparation of the revenue monitoring report which is produced for the Board on a quarterly basis.

Conclusion: Both objectives are met by the activity in place.

Tayside Valuation Joint Board – Budget Setting and Budgetary Control

Objective 3: Information is available to management which is up-to-date and in a format that can be easily understood.

Good Practice Prompts

'Each budget holder should receive regular monitoring reports (probably using a monthly or 4-weekly reporting period) showing:

- *Committed expenditure and, where relevant, income to date;*
- *Variance against projected spend / income to date using, where appropriate, budget profiling; and*
- *Projected outturn (expected and, where relevant, income).'*

'Budget monitoring reports should be available:

- *In a form that is 'user friendly' and*
- *Within a time period that allows effective corrective action to be taken where necessary (e.g. within 3 weeks of the end of the month).'*

'Reports should automatically highlight major variances (both under and over spends) to direct budget holder's attention to where action may be required.'

Procedures In Place

As the Assessor is the sole budget holder for the Board it is important that he has up-to-date budget information. Since November 2014 DCC do not produce monthly revenue budget monitoring reports. For regular updates on budget position the Assessor is reliant on the Administration Manager who has real time access to the finance system.

DCC monthly reports were previously issued to the Depute Assessor and Assistant Assessors. Although they are not budget holders they have authority to make purchases. The Administration Manager produces regular information for the Senior Management Team to keep them informed of the budget position. Further assurance is drawn from the production of the quarterly revenue monitoring reports presented at Joint Board meetings. These reports detail the budget for the year; actual spend to date; projected outturn; and variance. Variances are discussed between the DCC accountant, the Assessor and the Administration Manager so that reasons for these variances can also be reported. Reports are sent to August, November and January Joint Board meetings with unaudited accounts going to the June meeting.

The Purchase Order (PO) processing facility within the finance system has been considered but not thought necessary for the Board's circumstances. As well as the information within the finance system the Administration Manager also maintains a spreadsheet of all the POs and invoices placed by the Board. This allows for committed expenditure to be identified which can then be used to inform the projected outturn figures in the quarterly reports to the Board. The value of committed expenditure per the spreadsheets is less than £3,000 so this approach is considered appropriate.

Conclusion: The objective is met by the processes and reporting arrangements in place.

Objective 4: Budget holders have the necessary skills for managing budgets.

Good Practice Prompt

'Budget holders have the necessary skills for managing budgets. Support should be given by way of training and manuals for budget holders with a non-financial background.'

Procedures in Place

Our review found that the Assessor, Administration Manager, Depute Assessor and Assistant Assessors have not received formal budget training whilst at the Board; however these staff members appear to have the necessary skills to fulfil their responsibilities. Any queries which staff may have in relation to the budgets can be answered by the Administration Manager. In turn the Administration Manager may discuss queries with the Board accountant at DCC with whom he is in regular contact.

Conclusion: This objective is achieved

Tayside Valuation Joint Board – Budget Setting and Budgetary Control

Objective 5: Budget variations are reported and acted upon.

Objective 6: Senior management and the Board regularly review the organisation’s overall financial position

Good Practice Prompts

‘Each budget holder is clear about what action should be taken in the event of over / under spends.’

‘Where appropriate action is not taken on major variances, the matter is automatically brought to the attention of the budget holder’s line manager.’

‘At functional level, the relevant senior management team reviews the financial position at least each reporting period.’

‘The corporate management team reviews the organisation’s overall financial position at least each reporting period.’

Procedures In Place

Sections 4.2 and 4.3 of the Financial Regulations state that ‘Revenue and Capital expenditure shall be restricted to that included in the appropriate Budget, unless proposals for additional expenditure have been approved by the Board’. ‘The Assessor is authorised, in emergency situations, subject to advising the Convenor, consulting with the Treasurer and reporting to the Board as soon as possible thereafter, to take such measures as may be required on any item for which Board approval would normally be required. The projected financial impact of any such decision shall be reported to the Board, along with any possible compensatory budgetary savings’. Staff interviewed during our review were fully aware that budget underspends were to be returned to the constituent Councils once any funding from reserves had been replaced.

As noted above, regular revenue monitoring reports are issued to the Joint Board which highlight projected under / over spends and the reasons for these. Provided these reasons for overspends against budget lines are appropriate and an overall budget underspend is forecast no further action is taken. There have been no overall overspends at the board in recent years. The Assessor also receives copies of the revenue monitoring reports before they are submitted to the Joint Board. The Board’s budget position, reported within the revenue monitoring reports, is discussed at the Senior Management Team meetings, which are attended by the Assessor, Depute Assessor, Assistant Assessors and Principal Valuer.

Conclusion: The objectives are met by the activity that is undertaken at management and Board level

Tayside Valuation Joint Board

Corporate Planning

Internal Audit Report No: 2016/06

Draft issued: 26 April 2016

Final issued: 9 May 2016

LEVEL OF ASSURANCE

Good

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Level of Assurance

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

Gradings are defined as follows:

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Action Grades

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

1. Overall Level of Assurance

Good

System meets control objectives.

2. Risk Assessment

This review focused on the controls in place to mitigate the following risks on the Board's Risk Register:

- 5.1 – Legislative changes affecting the statutory authority (risk rating: moderate)
- 5.3 – Partnerships / Stakeholders: communication breakdown (risk rating: moderate)

3. Background

As part of our Internal Audit Programme at Tayside Valuation Joint Board ('the Board') for 2015/16 we carried out a review of the Board's corporate planning processes. Our Audit Needs Assessment, issued in May 2013, identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Board and Assessor that the control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The Service Plan 2013-2016 ('the Plan'), prepared by the Assessor, was formally approved by the Joint Board in June 2013. The Plan includes the Corporate Plan, which highlights the key corporate objectives of the Board and a detailed Service Plan that assigns a set of aims and objectives to each performance measure included within the Corporate Plan. The Plan also documents the purpose and scope of objectives, service issues, core objectives, result areas, key targets and performance measures, service implications for core objectives, and essential partnerships at the Board.

Following our audit and prior to our audit report being issued, the Assessor prepared the Board's Corporate Plan & Service Plan 2016 – 2019. The updated Plan has been approved by the management team and is expected to be presented at the Joint Board meeting in June 2016 for review and formal approval. The table at Section 8 records our findings for the process in place before the revised plan was prepared. We reviewed the updated Plan before issuing this final report and noted that the format has changed slightly however we are satisfied that it contains all of the expected relevant good practice that a corporate plan should have.

The Plan recognises that the needs of the Board are best served by having a Plan in place which covers a three year period; however the Plan shall be reviewed and updated annually to reflect changing circumstances.

4. Scope, Objectives and Overall Findings

The audit reviewed the overall corporate planning processes within the Board, including detailed operational planning for each office and area of business. The overall objective of the audit will be to obtain reasonable assurance that the Board's planning process accords with good practice.

Objective	Findings			
	1	2	3	
Specific objectives of the audit were to seek assurance that:	No. of Agreed Actions			
1. There are linkages between the Corporate Plan and the operational and detailed plans for each of the three offices and business areas are clearly defined and communicated.	Good	0	0	0
2. All of the plans are consistent with each other and commitments in the Corporate Plan are systematically translated into clear responsibilities for implementation within the operational plans.	Good	0	0	0
3. There is a systematic approach for ensuring stakeholders views and key risks are taken into account.	Good	0	0	0
4. The plans are being appropriately monitored and controlled.	Good	0	0	0
5. There is effective linkage between planning and budgeting at all levels.	Good	0	0	0
Overall Level of Assurance	Good	0	0	0
				System meets control objectives.

5. Audit Approach

Through discussions with the Assessor and Depute Assessor we documented the planning processes adopted by the Board covering the setting of key strategic objectives and the delivery framework within the Corporate Plan and detailed Service Plan. The detailed Service Plan, was obtained and reviewed to ensure that there are clear linkages with the Corporate Plan and that the plans are consistent with each other. We also reviewed these plans to assess how the strategic objectives are translated into clear responsibilities for implementation and how budget information is used to inform planning. We reviewed the monitoring and reporting arrangements in place. A good practice template was used as a method for assessing these processes.

6. Summary of Main Findings

Strengths

- There are clear linkages between the corporate objectives identified in the Corporate Plan and objectives outlined in the Service Plan.
- There is a formal process for reviewing and updating the Corporate and Service Plan annually, including reporting any changes to the Board for approval.
- Achievement of the Service Plan objectives is measured against a nationally agreed set of key performance indicators which are monitored by Assistant Assessors, reported to the Management Team each month and reported to the Board annually.
- Stakeholder's views are taken into account during formulation of the Service Plan which is informed through key partnership working with local authorities and the Scottish Assessors Association. Feedback from customers is obtained through the annual customer satisfaction survey with any required improvements to service delivery translated into Service Plan objectives.

Weaknesses

- None noted.

7. Acknowledgements

We would like to take this opportunity to thank the staff at the Board who helped us during the course of our audit visit.

8. Findings

Comparison against Best Practice

The following tables assess the Board's processes for corporate planning against generally accepted best practice.

1. Strategic Plan Contents	Requirement Met?	Comments
1.1 A statement of the organisation's key purposes and values (its 'mission').	✓	<p>The Board's mission 'to ensure best value and provide equitable, customer focussed, high quality, professional valuation and electoral services for all its stakeholders' and vision 'to provide valuation and electoral services in accordance with statute and in a manner that is exemplary' is set out in the Service Plan 2013-2016.</p> <p>The Service Plan also documents the aims and objectives established to ensure the mission is fulfilled and the vision achieved.</p>

1. Strategic Plan Contents	Requirement Met?	Comments
<p>1.2 The organisation's strategic aims and objectives over the life of the Plan.</p>	<p>✓</p>	<p>The key corporate objectives of the Board are set out in the Corporate Plan section of the Service Plan 2013-2016. These key corporate objectives are: to ensure timeous publication and maintenance of the Valuation Roll, Council Tax Valuation List and Register of Electors; maintain, improve and develop IT systems to assist in delivering services; set standards and undertake improvement in service delivery; review roles, responsibilities and procedures to ensure effective balance of power and authority; review, monitor and maintain risk management and internal controls; develop, adopt and review formal documentation and implement appropriate systems to ensure compliance to legislation and standards of conduct; plan and deliver an organisational development strategy to ensure efficiency and quality of service delivery; ensure the health and safety of staff and visitors; publish information to ensure improved customer focus; and engage in key partnership working to ensure the delivery of efficient Government.</p> <p>Section 3 of the Service Plan sets out the core objectives of the Valuation Roll, Valuation List, Register of Electors and IT. These core objectives have been incorporated into the Corporate Plan which was produced as part of the Service Plan 2013-2016. The Board's Risk Register links many of the risks to core objectives within the Service Plan and each risk within the Board's Risk Register is linked directly to a key corporate objective(s) within the Corporate Plan.</p>

1. Strategic Plan Contents	Requirement Met?	Comments
1.3 An evaluation and review of progress against the strategies, objectives and targets in the previous Plan.	✓	<p>The current Service Plan (2013 – 2016) does not comment upon the achievement of the previous year’s objectives, targets and performance measures; however the Assessor’s Annual Performance Report and the KPIs reported under the Best Value Regime, which are discussed at Management Team meetings and issued to the Board, highlight the Board’s performance against the key targets and performance measures set within the Service Plan for the Valuation Roll, Valuation List and Register of Electors.</p> <p>The Service Plan references that performance against key targets and performance measures set for the Valuation Roll, Valuation List and Register of Electors is monitored by the Management Team and reported within the Assessor’s Annual Performance Report and through the KPIs reported under the Best Value Regime.</p>
1.4 How the organisation proposes to achieve its aims over the life of the Plan.	✓	Each key corporate objective within the Corporate Plan has been assigned a start and end date and a set of performance measures. Each performance measure is documented within the detailed Service Plan included in the Service Plan 2013-2016 and has been allocated a list of aims and objectives each with a start, end and review date and task owner.

2. Key Elements of Strategy	Requirement Met?	Comments
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2. Key Elements of Strategy	Requirement Met?	Comments
<p>2.1 Human resources, including staff planning to meet the organisation's needs and staff development strategies.</p>	<p>✓</p>	<p>This is partially covered by key corporate objective 6 'to review roles, responsibilities and procedures to ensure effective balance of power and authority', which aims to review staff structure and responsibilities when staff leave, alter hours of work or when new tasks are introduced. Furthermore, one of the aims of corporate objective 9 'to plan and deliver an organisational development strategy to ensure efficiency and quality of delivery of service' includes discussion and development of a staff training strategy.</p> <p>Section 6.3 of the Service Plan recognises that employees are the Board's major resource and that success depends on their expertise. The section also acknowledges that staff must meet the Continuous Professional Development requirements of their professional bodies. The Board operates a Staff Development Review scheme designed to maximise the performance and development of individual staff members.</p>

2. Key Elements of Strategy	Requirement Met?	Comments
<p>2.2 Financial management, ensuring that there is a direct link between the budget setting and the Strategic Plan.</p>	<p>✓</p>	<p>Section 2.1.2 of the Service Plan states: ‘the Board’s Best Value submission indicates that provision of services should comply with the essential elements of sound governance and sound strategic, operational and financial management. The overall objectives of the service are to meet all its statutory requirements, achieve the highest possible quality of Valuation and Electoral Registration services to stakeholders and achieve such quality in the most cost effective manner’.</p> <p>Draft budgets are prepared by the Assessor in consultation with the Treasurer and are presented annually to the Board for approval. The budgets are based upon the resources required to ensure Board services are delivered in accordance with statutory requirements, whilst taking into consideration Best Value. The Assessor is also responsible for preparing the Service Plan, which sets out the core objectives of Board services and sets key targets against which performance can be measured. The Service Plan is formally approved by the Board.</p> <p>Quarterly budget monitoring reports are submitted to the Board and revenue monitoring is a standing agenda item at Board meetings. The Assessor and the Management Team, via the Administration Manager (Finance / Personnel) have access to financial information held on Dundee City Council’s systems which allows real time monitoring of expenditure in the interim periods.</p>

3. Strategic Plan – Board Must Establish	Requirement Met?	Comments
3.1 The planning framework and timetable for producing the Strategic Plan.	✓	The Service Plan 2013 – 2016 the states that needs of the department are best served by a Plan that covers a three year period; however the Plan shall be reviewed and updated annually to reflect changing circumstances. The Plan has been reviewed and updated annually since it was first approved by the Board in June 2012. The Plan is due to be refreshed in 2016 to cover the period 2016 – 2019 and it is expected that a timetable will be produced to ensure that the revised Plan will be presented to the Board in June 2016 for review and approval.
3.2 The arrangements for co-ordinating particular aspects of the Plan, including the financial forecast to ensure that it is comprehensive.	✓	The planning process for the Service Plan is based on identifying the key corporate objectives of the Board and providing a framework for how these will be delivered, taking into consideration the resulting financial impacts. This involves the Management Team holding discussions with key stakeholders, particularly the three constituent authorities, to identify their strategic aims and align these with the Board’s objectives. This is then used to feed into the budgeting process.

3. Strategic Plan – Board Must Establish	Requirement Met?	Comments
<p>3.3 The arrangements for consulting with other relevant bodies such as the local authorities.</p>	<p>✓</p>	<p>One of the Board’s key corporate objectives is ‘to engage in key partnership working to ensure the delivery of efficient Government’. Performance measures relating to this objective include encouraging partnership workings with public authorities such as the Scottish Government, Electoral Commission and Valuation Office Agency; as well as reviewing partnership working with external professional bodies, such as the Royal Institution of Chartered Surveyors.</p> <p>Section 7 of the Service Plan sets out the essential partnerships at the Board and the arrangements in place for consulting with these partnerships. These partnerships include the three constituent authorities, Board officers, the Scottish Assessors’ Association and its sub-committees, the external provider of the Electoral Registration system and the general body of Council Tax payers, ratepayers, electors, their agents and representatives, local Councillors, MPs and MSPs. Consultation is performed through the close working relationships formed with these groups and the presentation of reports.</p>

4. Operational Plans	Requirement Met?	Comments
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4. Operational Plans	Requirement Met?	Comments
4.1 A general review of achievements of the previous session.	✓	The detailed Service Plan documents a set of aims and objectives for each performance measure within the Corporate Plan. Assigned to each aim and objective is a start, end and review date and task owner. Although a review of the achievements of the previous Service Plan period are not included in the Plan our review of Management Team meeting minutes noted that Assistant Assessors review many of the aims and objectives on a monthly basis and discuss performance these meetings. This is considered satisfactory.
4.2 A summary of the effect of budgets on its ability to develop the strategic aims.	✓	<p>The detailed Service Plan does not include a formal section, which takes into account budget implications. However the Service Plan recognises the need to achieve the highest quality of service in the most cost effective manner.</p> <p>The Assessor is responsible for drafting the Board's budget, in consultation with the Treasurer, and preparing the Service Plan. This is considered satisfactory</p>
4.3 An identification of the elements of each strategic aim from the current Corporate Plan that will be taken forward in the next Operational Plan.	✓	The Corporate Plan sets out the key corporate objectives of the Board. Each objective is assigned a start and end date and set of performance measures. For each performance measure the detailed Service Plan assigns a set of aims and objectives, which are given a start, end and review date and task owner.

5. Communication of Plans to Staff	Requirement Met?	Comments
<p>5.1 The organisation ensures that staff knows what is in the Plans and what it means for them.</p>	<p>✓</p>	<p>The current Service Plan is available on the Board's website and intranet. The formation of the Service Plan was discussed at Management Team meetings and Management were responsible for notifying their staff that the Service Plan had been prepared. The detailed Service Plan assigns a task owner to each aim / objective and in most instances the task owner is a member of the Management Team.</p> <p>As part of the induction programme at the Board staff are required to sign a form, which confirms they are aware that the Board's Policies and Guidelines, including the Service Plan, are available on the intranet and have been read.</p>
6. Senior Management Review of Plans	Requirement Met?	Comments
<p>6.1 Senior managers systematically review progress against the Plans and document and communicate any revisions to ensure that the Plans remain current.</p>	<p>✓</p>	<p>The Assistant Assessors monitor performance against the key targets set within the Service Plan on a monthly basis and discuss their findings at Management Team Meetings. Per our discussions with the Assessor and Depute Assessor any revisions required to the Service Plan would be discussed at Management Team meetings and with the Board, where necessary.</p> <p>Progress in achieving the Board's corporate objectives is also monitored through various Working Groups which report to the Management Team.</p> <p>The Service Plan 2012-2015 is reviewed and updated annually to reflect changes in circumstances. Annual reviews are performed by the Governance Working Group.</p>

7. Board Review of Plans	Requirement Met?	Comments
<p>7.1 There is a systematic process for keeping Board members informed of progress against the Plans and of the need for any revisions.</p>	<p>✓</p>	<p>The Assessor's Annual Performance Report and the KPIs reported under the Best Value Regime highlight the Board's performance against the key targets included within the Service Plan. Performance Reports and KPIs reported under the Best Value Regime are submitted to the Board.</p> <p>The Governance Working Group is responsible for reviewing the Service Plan each year, where appropriate the Board will be notified of proposed changes to the Plan.</p>



**Tayside Valuation Joint Board
Follow-Up**

2015/16

Internal Audit Report No: 2016/07

Draft Issued: 24 May 2016

Final Issued: 25 May 2016



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1. Management Summary

Introduction and Background

We have been appointed as Internal Auditors to the Tayside Valuation Joint Board ('the Board') for the period 1 April 2013 to 31 March 2016. The Internal Audit Plan for 2015/16 includes time for follow-up work on the recommendations made in our Internal Audit reports issued during 2014/2015. These were:

2015/02 – Non-Domestic Rates;
2015/03 – Risk Management and Business Continuity;
2015/04 – Follow-Up Reviews;
2015/05 – Procurement and Creditors / Purchasing; and
2015/06 – IT Network Arrangements.

Report 2015/01 and 2015/07 did not contain an action plan and therefore no follow-up was required as part of this review.

Three outstanding actions from 2011/12 relating to Risk Management and Business Continuity were followed up separately and reported in Report 2015/03.

Report 2015/04 included three outstanding actions from 2013/14, three from 2012/13 and one from 2010/11 that required to be followed up again this year.

Audit Scope and Objectives

The objective of our follow-up review is to assess whether recommendations made in internal audit reports from 2014/15 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 of the current status of the recommendations for the Board.

Overall Conclusion

The Board has made good progress in fully implementing 15 of the 22 recommendations followed up as part of this review, including

- 10 of the 15 recommendations contained within the internal audit reports issued in 2014/15, and
- five of the seven outstanding actions from internal audit reports issued between 2010/11 and 2013/14.

Overall Conclusion (continued)

Of the remaining seven recommendations:

- three have been assessed as ‘no project to trigger action’ in relation to project management as no projects of a significant size managed by the Board have been undertaken in recent years.
- four recommendations (one B and three Cs) have been assessed as ‘partially implemented’.
 - one recommendation (C) from the 2014/15 report on Procurement and Creditors / Purchasing Arrangements have been made to update procurement and tender procedures and present these to the Joint Board for approval in due course,
 - two recommendations (B and C) from the IT Network Arrangements report for which work is currently actively being undertaken to implement, and
 - one recommendation (C) from the 2013/14 Corporate Governance and Control Environment report. This will be implemented when the Board’s key policies are updated at the time of their next review to include a reference to the requirement to comply with the UK Bribery Act 2010 and cross referred to the Fraud Guidelines.

2014/15

From Original Reports			From Follow-Up Work Performed			
Area	Rec'n Grades	Number Agreed	Fully Implemented	Partially Implemented	Little or No Progress Made	No Project to Trigger Action
Non- Domestic Rates	A	-	-	-	-	-
	B	-	-	-	-	-
	C	1	1	-	-	-
Total		1	1	-	-	-
Risk Management and Business Continuity	A	-	-	-	-	-
	B	5	5	-	-	-
	C	1	-	-	-	1
Total		6	5	-	-	1
Procurement and Creditors / Purchasing	A	-	-	-	-	-
	B	-	-	-	-	-
	C	3	2	1	-	-
Total		3	2	1	-	-
IT Network Arrangements	A	-	-	-	-	-
	B	2	-	1	-	1
	C	3	2	1	-	-
Total		5	2	2	-	1
Grand Total		15	10	3	-	2

Overall Conclusion (continued)

2013/14

From Original Reports			From Follow-Up Work Performed			
Area	Rec'n Grades	Number Agreed	Fully Implemented	Partially Implemented	Little or No Progress Made	No Project to Trigger Action
Payroll and HR / Recruitment / Staff Performance & Development	A	-	-	-	-	-
	B	-	-	-	-	-
	C	1	1	-	-	-
Total		1	1	-	-	-
Corporate Governance and Control Environment	A	-	-	-	-	-
	B	1	1	-	-	-
	C	1	-	1	-	-
Total		2	1	1	-	-
Grand Total		3	2	1	-	-

2012/13

From Original Reports			From Follow-Up Work Performed			
Area	Rec'n Grades	Number Agreed	Fully Implemented	Partially Implemented	Little or No Progress Made	No Project to Trigger Action
Council Tax	A	-	-	-	-	-
	B	2	2	-	-	-
	C	1	1	-	-	-
Total		3	3	-	-	-

2010/11

From Original Reports			From Follow-Up Work Performed			
Area	Rec'n Grades	Number Agreed	Fully Implemented	Partially Implemented	Little or No Progress Made	No Project to Trigger Action
Systems Development	A	-	-	-	-	-
	B	1	-	-	-	1
	C	-	-	-	-	-
Total		1	-	-	-	1
Overall Grand Total		22	15	4	-	3
A		-	-	-	-	-
B		11	8	1	-	2
C		11	7	3	-	1
Total		22	15	4	-	3

Overall Conclusion (continued)

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

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

Acknowledgements

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

Appendix 1 - Internal Audit Report 2015/02 – Non-Domestic Rates

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at May 2016
<p><i>Roll of Change</i></p> <p>R1 Clerical staff should be reminded of the importance of ensuring that checks are undertaken on the weekly Rolls of Change and cover sheets completed in accordance with the Board's procedures, and the person who initially circulates the document should ensure it is fully completed.</p>	C	Clerical Staff will be reminded of the importance of ensuring that the appropriate checks are undertaken.	Y	R Christie	30/11/14	<p>Staff have been reminded of the importance of ensuring that checks on Roll of Change and cover sheets are completed on a weekly basis by email and at team briefings following management meeting.</p> <p>Fully Implemented</p>

Appendix II - Internal Audit Report 2015/03 – Risk Management and Business Continuity

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress At May 2016
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.	The Business Continuity Plan and IT Disaster Recovery Plan have been fully updated. Fully Implemented
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	The Business Continuity Plan and IT Disaster Recovery Plan have been fully tested. All tests were successful. Fully Implemented
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	A programme of regular testing is now in place. Fully Implemented

Updated Action Plan 2012/04 – Risk Management and Business Continuity							
Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at Previous Follow-Up	Progress at May 2016
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.	Y	Chair of Governance Working Group	September - December 2012	<p>April 2013: Attempts are being made to identify suitable training courses.</p> <p>Partially Implemented</p> <p>December 2013: Still outstanding – no appropriate training courses have been sourced as yet.</p> <p>Partially Implemented</p> <p>December 2014: 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.</p> <p>Partially Implemented</p>	<p>Risk Management training provided to staff during 2015.</p> <p>Fully Implemented</p>

Updated Action Plan 2012/04 – Risk Management and Business Continuity							
Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at Previous Follow-Up	Progress at May 2016
R11 Consider what project management and risk management processes should be put in place over projects.	C		Y	Chair of Governance Working Group September 2012	September 2012	<p>April 2013: 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</p> <p>December 2013: No projects in progress at this time No Project to Trigger Action</p> <p>December 2014: 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</p>	No Project to Trigger Action

Updated Action Plan 2012/04 – Risk Management and Business Continuity							
Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at Previous Follow-Up	Progress at May 2016
R14 Fully test the DRP to ensure it is robust.	B		Y	Depute Assessor	September 2012	<p>April 2013: 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</p> <p>December 2013: 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</p> <p>December 2014: Although elements of the BCP and DRP have been tested in recent years a programme of regular testing has yet to be developed. The BCP and DPR will be reviewed and updated to reflect the new IER procedures and new communications links. Partially Implemented</p>	<p>The Business Continuity Plan and IT Disaster Recovery Plan have been fully updated. Fully Implemented</p>

Appendix III - Internal Audit Report 2015/04 – Follow-Up Reviews 2014/15

2011/08 - Systems Development							
Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at Previous Follow-Up	Progress at May 2016
<p>Project Management</p> <p>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.</p>	B		Yes	Assessor	Original On-going	<p>The only major project – the Introduction of Individual Electoral Registration is being project managed jointly by the UK Cabinet Office and the Electoral Commission.</p> <p>No Project To Trigger Action</p>	<p>No Project To Trigger Action</p>

2013/04 - Council Tax							
Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress Previously Reported	Progress at May 2016
<p>Warrants System</p> <p>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.</p>	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	<p>May 2014 Management Comment Report has been specified. Awaiting IT time to develop.</p> <p>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.</p> <p>Partially Implemented</p> <p>December 2014 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.</p> <p>Partially Implemented</p>	<p>Following a review of this item it has been determined that the position with outstanding workloads should be reviewed at regular management meetings.</p> <p>Therefore, regular checks are now undertaken by each Assistant Assessor and progress is reported at each management meeting.</p> <p>Reports are no longer required.</p> <p>Fully Implemented</p>

2013/04 - Council Tax							
Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress Previously Reported	Progress at May 2016
<p>Valuation List</p> <p>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.</p>	B	Review of procedures, including revision of the CT1 document, is required to accord with current working practices.	Y	Assistant Assessor, Angus	June 2013	<p>May 2014 Management Comment Proposed development awaiting approval of management team</p> <p>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.</p> <p>Partially Implemented</p> <p>December 2014 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.</p> <p>Partially Implemented</p>	<p>A new procedural document is in place to account for changed practices after implementation of the new domestic system and automatic creation of CT1.</p> <p>Fully Implemented</p>

2013/04 - Council Tax							
Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress Previously Reported	Progress at May 2016
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	<p>May 2014 <i>Management Comment</i> Proposed development awaiting approval of management team.</p> <p><i>Auditor Comment</i> 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.</p> <p>Partially Implemented</p> <p>December 2014 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.</p> <p>Partially Implemented</p>	<p>A new domestic system is in place. This generates standard reports across all offices for installation in the library and automatic generation of a CT1 to enable audit of process.</p> <p>Fully Implemented</p>

2014/07 – Payroll and HR / Recruitment / Staff Performance & Development							
Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014	Progress at May 2016
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	The Recruitment and Selection manual has been updated to include references to current legislation. Fully Implemented

2014/08 – Corporate Governance and Control Environment							
Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014	Progress at May 2016
<p>Anti-bribery and Anti-corruption</p> <p>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.</p>	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	<p>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.</p> <p>Partially Implemented</p>	<p>An assessment has been undertaken to identify areas of risk in terms of the Bribery Act. Revised Fraud Guidelines have been prepared and are to be submitted for approval by the Board at the next meeting (June 2016).</p> <p>Fully Implemented</p>

2014/08 – Corporate Governance and Control Environment							
Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at December 2014	Progress at May 2016
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	Once the revised Fraud Guidelines are approved by the Board the key policies will be updated at the time of their next review. Partially Implemented Revised completion date: 31 March 2017

Appendix IV - Internal Audit Report 2015/05 – Procurement and Creditors / Purchasing

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress At April 2016
<p>Procedures Appropriate For all Levels of Expenditure</p> <p>R1 Update the Purchasing and Procurement Procedures to include the process for signing off purchase orders over £10,000 when a tender exercise has not been required to be followed.</p>	C	Purchasing and Procurement Procedures will be updated.	Yes	Assessor / Administration Manager (Finance / Personnel)	31/12/15	<p>The Purchasing and Procurement Procedures are aligned to the Board's Tender Procedures. It has been determined that both these documents require to be updated.</p> <p>Arrangements have been made in conjunction with the Treasurer to update both documents to reflect current practices. The amended documents will be presented to the Board for approval in due course.</p> <p>Partially Implemented</p> <p>Revised completion date: 30 November 2016</p>

<p>R2 Ensure that the list of specimen signatures for approving purchase orders and invoices is updated.</p>	<p>C</p>	<p>Specimen signatures will be updated.</p>	<p>Yes</p>	<p>Administration Manager (Finance / Personnel)</p>	<p>30/9/15</p>	<p>The list of specimen signatures has been updated. Fully Implemented</p>
<p>Liabilities Are Fully and Accurately Recorded</p> <p>R3 Ensure that goods received / delivery notes are signed by staff when receipting goods to indicate that the goods have been checked to the purchase order.</p>	<p>C</p>	<p>Staff will be reminded of signing procedures for the receipt of goods.</p>	<p>Yes</p>	<p>Administration Manager (Finance / Personnel)</p>	<p>30/9/15</p>	<p>The importance of adhering to the procedures for checking receipted goods to the purchase order has been highlighted to staff. Fully Implemented</p>

Appendix V - Internal Audit Report 2015/06 – IT Network Arrangements

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at May 2016
<p>PSN Implementation</p> <p>R1 Ensure that for future IT projects suitable governance arrangements are put in place which clearly define aims, objectives, roles, responsibilities and timescales in relation to project management, monitoring and accountability.</p>	B	Future IT projects which are of significant size will have suitable governance arrangements.	Yes	Assessor / IT Manager	As required.	No Project to Trigger Action

<p>Network Infrastructure</p> <p>R2 Obtain and document details of the configuration settings of all network equipment managed by the third part maintenance company.</p>	<p>B</p>	<p>This documentation will be requested.</p>	<p>Yes</p>	<p>IT Manager</p>	<p>30/9/15</p>	<p>Details of login credentials for all of devices on the network have been obtained and documented. These details will be updated when the network supplier makes any further changes to the network.</p> <p>Copies of configuration files and settings from these devices are in the process of being obtained from the network supplier and are being stored in a dedicated IT area on the network (with backup).</p> <p>Partially Implemented</p> <p>Revised completion date: 30 November 2016</p>
<p>Logical Access</p> <p>R3 IT related policies and procedures which are now beyond their scheduled review date should be reviewed and updated as time and resources allow ensuring that they reflect the current environment and activities.</p>	<p>C</p>	<p>IT Related policies will be reviewed on a rolling basis.</p>	<p>Yes</p>	<p>Assistant Assessor (Dundee) / IT Manager</p>	<p>As required.</p>	<p>All policies are now up to date and are reviewed on a rolling programme.</p> <p>Fully Implemented</p>

Compliance With User Licence Requirements						
<p>R4 A software licence database should be developed to record all licence and contract details and provides adequate information to ensure that licences are renewed prior to expiry dates. This should include:</p> <ul style="list-style-type: none"> • member of the Board’s staff responsible for managing the licence contract; • details of the nature of the licence and supplier details; • the network devices covered by the licence; • the number of authorised users; and • licence commencement and renewal dates. 	C	A licensed database will be developed.	Yes	IT Administrator	30/12/15	<p>All license and contract details are currently managed and stored by IT, albeit in several different locations.</p> <p>A software license database is in the process of being established.</p> <p>Partially Implemented</p> <p>Revised completion date:</p> <p>30 November 2016</p>
<p>R5 Develop a programme of periodic and random spot checks of users’ PCs to provide assurance that no unauthorised software or applications are installed. This could be done remotely by IT staff without the need to access individual PCs or laptops connected to the Board’s network.</p>	C	A programme of periodic, random, spot checks will be developed	Yes	IT Manager	30/12/15	<p>A programme of random checks of PCs for unauthorised software or applications installed has been established.</p> <p>Additional checks are undertaken each year by an external consultant as part of our annual IT Health Check.</p> <p>Fully Implemented</p>



Tayside Valuation Joint Board

**Annual Report to the Joint Board and the Assessor
on the Provision of Internal Audit Services for
2015/16**

Internal Audit Report No: 2016/08

Draft Issued: 24 May 2016

Final Issued: 25 May 2016

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1. Annual Report and Opinion

- 1.1 We were formally re-appointed in April 2013 as internal auditors of Tayside Valuation Joint Board ('the Board') for the period 1 April 2013 to 31 March 2016. This report summarises the internal audit work performed during 2015/16.
- 1.2 An Audit Needs Assessment (ANA), based on the areas of risk that the Board is exposed to, was prepared as part of our internal audit programme for 2013/14 (internal audit report 2014/01, issued August 2013). The ANA was prepared following discussion with the Assessor, several senior Board personnel, the external auditors, and with reference to the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom. The ANA was prepared on the basis of the normal three-year internal audit cycle, covering the period 2013/14 to 2015/16. Work in the previous three-year cycle has been used to update the key control environment. Following on from the ANA, a Strategic Plan was formulated covering the three-year cycle.
- 1.3 The annual operating plan showed a number of changes to the allocation set out in the Strategic Plan. A Council Tax review was shortened by one day, and Corporate Planning shortened by two days with three contingency days added to the annual plan in the event that the Board require us to carry out any further work.
- 1.4 The work undertaken in 2015/16 is as set out in the Annual Plan for 2015/16 with the exception of the Data Protection / FoI report which has been delayed due to the Board's staff involvement in the Scottish elections and European Union referendum. This report will be presented at the next meeting of the Joint Board in August 2016. The reports submitted are listed in Section 2 of this report and a summary of results and conclusions from each finalised assignment is given at Section 3.
- 1.5 An analysis of time spent against budget is at Section 4. The Council Tax review took one day less than planned and the three days allocated as a contingency were not required. These savings were not needed for any other work, and therefore the total time allocated to the 2015/16 audit has been 26 days.

Public Sector Internal Audit Standards (PSIAS) Reporting Requirements

- 1.6 The Board has responsibility for maintaining an effective internal audit activity. You have engaged us to provide an independent risk-based assurance and consultancy internal audit service. To help you assess that you are maintaining an effective internal audit activity we:
 - Confirm our independence;
 - Provide information about the year's activity and the work planned for next year in this report; and
 - Provide quality assurance through self-assessment and independent external review of our methodology and operating practices.

Public Sector Internal Audit Standards (PSIAS) Reporting Requirements (Continued)

- 1.7 Self-assessment is undertaken through:
- Our continuous improvement approach to our service. We will discuss any new developments with management throughout the year;
 - Ensuring compliance with best professional practice, in particular the PSIAS;
 - Annual confirmation from all staff that they comply with required ethical standards and remain independent of clients;
 - Internal review of each assignment to confirm application of our methodology which is summarised in our internal audit manual; and
 - Annual completion of a checklist to confirm PSIAS compliance. This is undertaken in April each year. Our internal audit manual was updated to include references to the PSIAS after the 2014 review.
- 1.8 The results of our self-assessment are that we are able to confirm that our service is independent of the Association and complies with the PSIAS.
- 1.9 External assessment is built into our firm-wide quality assurance procedures. Henderson Loggie is a member of MHA, a national association of accountancy firms. Continued membership of MHA is dependent on maintaining a good level of quality and adhering to accounting and auditing standards in the provision of our services. Annual quality reviews are conducted to confirm our continuing achievement of this quality. The latest MHA review in April 2014 included our internal audit service. Overall the review found the firm's policies and procedures relating to internal audit to be compliant with the PSIAS in all material respects.
- 1.10 For 2015/16 we have introduced a revised report style which provides an overall assessment grade for the systems under review. The grades are described on page 3. Recommendation grades are renamed as Priority 1, 2 and 3 from the previous A,B,C.

Significant Issues

- 1.11 There were no significant issues identifying major internal control weaknesses arising from our internal audit work. In general, procedures were operating adequately in the areas selected. A small number of actions have been agreed to further strengthen controls. During 2015/16 we are pleased to report that work has been undertaken to implement a number of older recommendations that had been outstanding from 2012 and 2013.
- 1.12 In 2015/16 only one minor recommendation was raised in the Council Tax report relating to completion of CT1 forms. An action point was agreed to address this issue. Although this 2015/16 action was not specifically included in our annual follow-up work completion of the action was confirmed at that time.

Opinion

- 1.12 In our opinion the Board operates adequate and effective internal control systems as defined in the ANA. Proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into consideration the work we have undertaken during the current year, and during the period of our appointment from 2010 to date.

2. Reports Submitted

Report Number	Title	Grade	Action Points	Priority 1	Priority 2	Priority 3
2016/01	Annual Plan	N/A	N/A	-	-	-
2016/02	Health & Safety	Good	-	-	-	-
2016/03	Council Tax	Good	1	-	-	1
2016/04	Electoral Register	Good	-	-	-	-
2016/05	Budget Setting and Budgetary Control	Good	-	-	-	-
2016/06	Corporate Planning	Good	-	-	-	-
2016/07	Follow-Up Reviews	N/A	15 implemented, 4 required further action, and for 3 there has been no project to trigger action.	-	1	3
2016/08	Annual Report	N/A	N/A	-	-	-

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. The gradings are as follows:

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

3. Summary of Results and Conclusions

2016/01 – Annual Plan

Final Issued August 2015

The purpose of this document was to present, for consideration by the Joint Board, the annual operating plan for the year ended 31 March 2016. The plan was based on the proposed allocation of audit days for 2015/16 set out in the ANA and Strategic Plan 2013 to 2016.

The detailed scope, objectives and audit approach for each audit assignment to be undertaken, arrived at following discussion with the Assessor, were set out in the report.

2016/02 – Health & Safety

Final Issued October 2015

This audit reviewed the arrangements in place within the Board to deal with Health & Safety (H&S).

Overall, we found that:

- the Board has a documented H&S policy and related procedures which have been communicated to all staff;
- a formal risk identification and assessment process is in place;
- the Board has a formal H&S training programme which includes induction training, refresher training and, where appropriate, training for new equipment and legislation;
- there is regular monitoring of H&S systems to ensure that they are functioning effectively;
- the Board has an incident and accident recording system with follow-up and implementation of new controls where required; and
- there is regular reporting of H&S to Management and the Board.

No significant weaknesses were noted during our review.

2016/03 – Council Tax

Final Issued October 2015

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

Overall, we found that:

- Testing of a sample of Council Tax properties relating to new entries, sales and alterations, and deletions confirmed that adequate controls are in place to ensure that changes are properly authorised by suitably qualified staff and that the Valuation List is accurately and timeously updated;
- There are robust segregation controls in place which ensure that staff cannot make unauthorised amendments to the Valuation List;
- For a sample of proposals and appeals of Council Tax bandings we found that the Board had acknowledged and responded to these within the statutory timescales;
- Changes to the Valuation List are reported timeously to the local authorities;
- Good progress has been made in recent years to adopt a more uniform approach to working practices and reporting across the three offices by making more efficient use of the Board's electronic document library system. Further development of this area remains ongoing; and
- Testing of Council Tax Input Records identified two minor instances of non-compliance where staff had not signed the forms to show that the Valuation List had been updated and that the Bandings Notice had been checked. However, our testing of the Council Tax Interface reports confirmed that the Valuation List and the Banding Notice had been accurately updated.

No significant weaknesses were noted during our review.

2016/04 – Electoral Register

Final Issued January 2016

The audit reviewed the adequacy and effectiveness of the controls and procedures in place to ensure that the Register of Electors published annually for the Angus and Perth & Kinross council areas are up-to-date and accurate.

In September 2014 Individual Electoral Registration (IER) was implemented in Scotland and the impact of this on the Board was considered during discussions with management when preparing the Annual Audit Plan for 2015/16. Our assessment of the changes brought about by IER led us to conclude that no change was required to our initial assessment of priority or risk for this assignment as there had been no significant changes to the Board's underlying systems or controls. The impact of IER was considered throughout our review and our documentation of systems and detailed testing performed did not identify any issues which would result in us having to revise our initial risk assessment.

2016/04 – Electoral Register (continued)

We found that:

- There is appropriate checking of new properties or changes to household details in the Angus and Perth & Kinross council areas. All eligible households are then canvassed in order to identify potentially eligible individuals to be included on the electoral register;
- Controls are in place to ensure that applications from each different source, including postal forms and online applications, are captured in the EROS electoral system and are then processed by the Board;
- As part of the annual canvass concluded in November 2015 the Board undertook a significant amount of work to verify the accuracy of the entries on the electoral register which included the removal of entries where the elector had applied but had not fully verified their details; and
- The Board demonstrates good partnership by working with local authorities, the Department of Work and Pensions and other Electoral Registration Officers sharing data to ensure that the electoral register is accurate.

No significant weaknesses were noted during our review.

2016/05 – Budget Setting and Budgetary Control

Final Issued April 2016

The Board has a service level agreement with Dundee City Council (DCC) for a number of financial services, including budgetary control. The agreed service includes assistance with the preparation of annual revenue / capital budgets; the regular monitoring of revenue expenditure and preparation of budgetary control statements; and the monthly monitoring of capital expenditure and preparation of capital monitoring statements.

This review covered the processes and controls in place for budget setting and budgetary control within the Board.

We found that:

- The Board's financial regulations set out clear responsibility for setting, approving and monitoring and these regulations are followed in practice;
- Although no monthly monitoring reports are produced the Administration Manager has full real time access to the financial system and budget information and quarterly revenue monitoring reports are produced for the Board in a user friendly format;
- The Assessor and other relevant staff have the necessary skills required to be able to fulfil their responsibilities in relation to budgets;
- There are clear responsibilities and processes for identifying and acting upon budget variations; and
- Appropriate budget information is provided to the Board and is reviewed on a quarterly basis.

No significant weaknesses were noted during our review.

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2016/06 – Corporate Planning

Final Issued April 2016

The audit reviewed the overall corporate planning processes within the Board, including detailed operational planning for each office and area of business. The overall objective of the audit was to obtain reasonable assurance that the Board's planning process accords with good practice.

We found that:

- There are clear linkages between the corporate objectives identified in the Corporate Plan and objectives outlined in the Service Plan.
- There is a formal process for reviewing and updating the Corporate and Service Plan annually, including reporting any changes to the Board for approval.
- Achievement of the Service Plan objectives is measured against a nationally agreed set of key performance indicators which are monitored by Assistant Assessors, reported to the Management Team each month and reported to the Board annually.
- Stakeholder's views are taken into account during formulation of the Service Plan which is informed through key partnership working with local authorities and the Scottish Assessors Association. Feedback from customers is obtained through the annual customer satisfaction survey with any required improvements to service delivery translated into Service Plan objectives.

No significant weaknesses were noted during our review.

Following our audit and prior to our audit report being issued, the Assessor prepared the Board's Corporate Plan & Service Plan 2016 – 2019. The updated Plan has been approved by the management team and is expected to be presented at the Joint Board meeting in June 2016 for review and formal approval. We reviewed the updated Plan before issuing this final report and noted that the format has changed slightly however we are satisfied that it contains all of the expected relevant good practice that a corporate plan should have.

2016/07 – Follow-Up Report

Final issued May 2016

We carried out a follow up review of recommendations made in the following internal audit reports issued during 2014/15:

- Internal Audit Report 2015/02 – Non Domestic Rates;
- Internal Audit Report 2015/03 – Risk Management and Business Continuity;
- Internal Audit Report 2015/04 – Follow-Up Reviews
- Internal Audit Report 2015/05 – Procurement and Creditors / Purchasing;
- Internal Audit Report 2015/06 – IT Network Arrangements; and

Report 2015/01 and 2015/07 did not contain an action plan and therefore no follow-up was required as part of this review.

Report 2015/04 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 were followed up separately and reported in Report 2015/03.

2016/07 – Follow-Up Report (Continued)

The Board has made good progress in fully implementing 15 of the 22 recommendations followed up as part of this review, including

- 10 of the 15 recommendations contained within the internal audit reports issued in 2014/15, and
- five of the seven outstanding actions from internal audit reports issued between 2010/11 and 2013/14.

Of the remaining seven recommendations:

- three have been assessed as ‘no project to trigger action’ in relation to project management as no projects of a significant size managed by the Board have been undertaken in recent years.
- four recommendations (one B and three Cs) have been assessed as ‘partially implemented’.
 - one recommendation (C) from the 2014/15 report on Procurement and Creditors / Purchasing Arrangements have been made to update procurement and tender procedures and present these to the Joint Board for approval in due course,
 - two recommendations (B and C) from the IT Network Arrangements report for which work is currently actively being undertaken to implement, and
 - one recommendation (C) from the 2013/14 Corporate Governance and Control Environment report. This will be implemented when the Board’s key policies are updated at the time of their next review to include a reference to the requirement to comply with the UK Bribery Act 2010 and cross referred to the Fraud Guidelines.

4. Time Spent - Budget v Actual

	Report number	Planned days	Actual days fee'd	Days to fees at May 2016	Days to spend / WIP	Variance
Reputational						
<i>Health & Safety</i>	2016/02	3	3	-	-	-
Council Tax	2016/03	6	5	-	-	1
Electoral Register						
<i>Accuracy of register / Data security</i>	2016/04	4	-	4	-	-
Financial Issues						
<i>Budget setting / budgetary control</i>	2016/05	3	-	3	-	-
Organisational Issues						
<i>Corporate Planning</i>	2016/06	2	-	2	-	-
Information and IT						
<i>Data Protection / Fol</i>	2016/09	3	-	-	3	-
Other Audit Activities						
Management and Planning)		4	2	2	-	-
External audit)						
Attendance at Board meetings)						
Follow-up reviews	2016/07	2	-	2	-	-
ANA						
Contingency		3	-	-	-	3
Total		<u>30</u>	<u>10</u>	<u>13</u>	<u>3</u>	<u>4</u>
		=====	=====	=====	=====	=====

5. Operational Plan for 2016/17

- 5.1 Following our re-appointment as internal auditors for the period from 1 April 2016 to 31 March 2019 an Audit Needs Assessment and Strategic Plan for 2016 to 2019 will be developed and presented to the Board in August 2016.