

REPORT TO: TAYSIDE VALUATION JOINT BOARD – 30 JANUARY 2012

REPORT ON: INTERNAL AUDIT PLAN 2011/12

REPORT BY: ASSESSOR

REPORT NO: TVJB 8-2012

1 PURPOSE OF REPORT

1.1 To present to the Board the following Internal Audit Report:-

Internal Audit Report No 2012/01 – Annual Internal Audit Plan 2011/12

2 RECOMMENDATIONS

2.1 The Board is asked to note the content of the Internal Audit Plan for 2011/12.

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 and Equality Impact Assessment. There are no major issues.

5 BACKGROUND

5.1 Henderson Loggie have been appointed to provide an internal audit service to the Board in respect of the financial years 2010/11 to 2012/13.

5.2 The Audit Needs Assessment and Strategic Plan for the period 2010 to 2013 was approved by the Board on 9 May 2011. Internal Audit Report No 2012/01, attached as an appendix to this report, presents the annual internal audit plan for 2011/12. The plan is based on the allocation of audit days approved in the Audit Needs Assessment and Strategic Plan.

5.3 The report sets out the proposed scope and objectives for each audit assignment to be undertaken during 2011/12, together with the proposed audit approach.

5.4 Separate reports detailing the findings of each audit assignment will be prepared and presented to the Board on completion.

6 CONSULTATIONS

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

7 BACKGROUND PAPERS

7.1 None.

John M Galbraith FRICS
Assessor

30 January 2012



HENDERSON LOGGIE
Chartered Accountants

Tayside Valuation Joint Board

**Annual Plan
2011/12**

Internal Audit Report No: 2012/01

Draft Issued: 22 December 2011

Final Issued: 09 January 2012



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1. Introduction

- 1.1 The purpose of this document is to present to the Tayside Valuation Joint Board ('the Board') the annual internal audit operating plan for the year ended 31 March 2012. The plan is based on the proposed allocation of audit days for 2011/12 set out in the Audit Needs Assessment and Strategic Plan 2010 to 2013. The preparation of the Strategic Plan involved dialogue with management and with the Treasurer.
- 1.2 At Section 3 of this report we have set out the outline scope and objectives for each audit assignment to be undertaken during 2011/12, together with the audit approach. These were arrived at following discussion with the Assessor.
- 1.3 Separate reports will be issued for each assignment. Recommendations are graded in each report to reflect the significance of the issues raised.



2. Strategic Plan 2010 to 2013

Proposed Allocation of Audit Days

	Actual 10/11 Days	Planned 11/12 Days	Planned 12/13 Days
Reputation			
<i>Publicity</i>			
<i>Health and Safety</i>			3
Council Tax			8
Non Domestic Rates		8	
Electoral Register			4
Staffing Issues			
<i>Recruitment and retention / HR policies</i>			
<i>Payroll</i>	4		
Estates and Facilities			
<i>Asset management</i>	4		
Financial Issues			
<i>Budget setting / budgetary control</i>			4
<i>General ledger</i>	3		
<i>Procurement and creditors / purchasing</i>		5	
<i>Debtors / income</i>			
<i>Cash & bank / Treasury management</i>			
Organisational Issues			
<i>Risk management / Business continuity</i>		5	
<i>Corporate governance and control environment</i>	6		
<i>Corporate planning</i>			5
Information and IT			
<i>IT network arrangements</i>		6	
<i>Data protection / FOI</i>			
<i>Systems development / implementation / data migration</i>	4		
Other Audit Activities			
Management and Planning)	5	4	4
External audit)			
Attendance at audit committees)			
Follow-up reviews	2	2	2
ANA	4		
Total	32	30	30
	=====	=====	=====



3. Outline Scope and Objectives

Audit Assignment:	Non Domestic Rates
Priority:	Medium
Joint Board Meeting:	June 2012
Days:	8

Scope

This audit will review the adequacy and effectiveness of the controls and procedures in place to ensure that the records relating to current property values are up to date and accurate, valuations and appeals are dealt with appropriately and timeously, and appropriate controls are in place over entries and amendments made to the Valuation Roll.

Objectives

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

- there are appropriate procedures in place to ensure that: all non domestic properties are on the Valuation Roll and the entries are accurate and agree with the Lands Valuation Returns; any alterations to properties reported on these returns are brought to the attention of the Technical Section; and all revaluations are appropriately recorded in the Valuation Roll;
- all property valuations are carried out by suitably qualified valuers and are evidenced as checked and authorised by a Valuer or Senior Valuer;
- all valuations are input into the Valuation Roll and the weekly 'Roll of Change' is evidenced as checked by a Assistant Assessor or Principal Valuer;
- controls are in place to ensure that late amendments to the current roll are picked up and reflected in the new roll;
- all appeal applications are logged on the appeals system as soon as they are received and are accepted and checked by a Valuer or Senior Valuer. An Appeal Header Sheet is produced recording all of the relevant details;
- the Valuation Roll is accurately and timeously amended to record the outcome of an appeal;
- only authorised staff can input amendments and all new entries are checked independently and evidenced;
- authorised staff change their passwords in line with pre-determined passwords and where staff leave their access is suspended;
- all deletions are properly authorised by a Valuer or Senior Valuer and there are procedures in place to ensure that staff do not make alterations to any properties on the Roll in which they have an interest; and
- a Valuation Notice is produced and sent out to the responsible party in line with legal requirements and any subsequent appeals are lodged within six months of the Valuation Notice being issued.

Our audit approach will be:

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



3. Outline Scope and Objectives

Audit Assignment:	Procurement and creditors/ purchasing
Priority:	Medium
Joint Board Meeting:	June 2012
Days:	5

Scope

This audit will focus on the systems of internal control in place for the ordering of goods and services and the payment of invoices.

We will also consider whether the procurement strategy followed and procedures in place support best value purchasing in relation to non-pay spend (other operating expenses plus equipment fixed asset additions).

Objectives

The specific objectives of the audit will be to ensure that:

- procurement procedures support best value purchasing in relation to non-pay spend;
- procurement procedures are appropriate for all levels of expenditure and are complied with throughout the organisation;
- the risk of unauthorised and excessive expenditure is minimised;
- all liabilities are fully and accurately recorded; and
- all payments are properly authorised, processed and recorded.

Our audit approach will be:

From discussions with relevant staff, we will establish what procurement strategies, procedures and monitoring arrangements are in place. These will then be evaluated to establish if they follow recognised good practice.

Specifically, we will seek to establish whether the procurement procedures ensure that areas of high spend are monitored appropriately, identifying opportunities for pooling of expenditure in order to achieve best value, and ensuring that joint purchasing arrangements are utilised where appropriate.

A sample of items of expenditure will be selected from the financial ledger and tested to ensure compliance with the Board's Financial Regulations and Procedures.



3. Outline Scope and Objectives

Audit Assignment:	Risk Management and Business Continuity
Priority:	Medium/Low
Joint Board Meeting:	June 2012
Days:	5

Scope

Risk Management

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

Business Continuity

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

Objectives

Risk Management

To obtain reasonable assurance the systems in place are sufficient to ensure 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.

Business Continuity

To obtain reasonable assurance that:

- Business Continuity Plans (BCPs) are in place covering all of the Board'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 as defined by BS 25999 'Business continuity management'.

Our audit approach will be:

Risk Management

We will discuss 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, will then be reviewed. For a sample of managers and staff we will discuss the risk management process they use in order to determine how embedded risk management is within the organisation. We will consider whether all relevant key risks have been identified and included on the current Risk Register and how often the register is revisited and updated.



3. Outline Scope and Objectives

Business Continuity

We will obtain copies of BCPs in place and consider whether they cover all of the organisation's activities.

The Board's approach to business continuity will be 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 will be performed with reference to the guidance contained within BS 25999.



3. Outline Scope and Objectives

Audit Assignment:	IT Network Arrangements
Priority:	Medium
Joint Board Meeting:	June 2012
Days:	6

Scope

The scope of the audit will be to carry out a high-level review of certain key aspects of the IT systems in place within the Board to identify any control weaknesses.

Objective

The objective will be to obtain reasonable assurance that internal controls in place ensure the security of the IT network operated by the Board.

Our audit approach will be:

Our approach will be based upon the Internal Control Questionnaires (ICQs) provided by the Chartered Institute of Public Finance and Accountancy (CIPFA); guidance provided by the Control Objectives for Information and related Technology (COBIT) standard issued by the IT Governance Institute (ITGI); discussion with staff; review of relevant documentation; and observation, covering the following areas:

- Physical and environmental controls;
- Network infrastructure;
- Acceptable Use Policy;
- Logical access; and
- Compliance with user licence requirements.



3. Outline Scope and Objectives

Audit Assignment:	Follow-Up Reviews
Priority:	Various
Joint Board Meeting:	June 2012
Days:	2

Scope

As part of the internal audit programme at the Board for 2011/12 we will review the recommendations raised within internal audit reports issued in 2010/11 and obtain an update on these. Areas covered during 2010/11 were:

- Report 2010/04 – Payroll;
- Report 2010/07 – Asset management;
- Report 2010/03 – General ledger;
- Report 2010/05 – Corporate governance and control environment
- Report 2010/08 - Systems Development/implementation/data migration

(There are no outstanding actions from 2009/10)

Objectives

The objective of our follow-up review will be to assess whether recommendations made in internal audit reports from 2010/11 have been appropriately implemented and to ensure where little or no progress has been made towards implementation, that plans are in place to progress them.

Our audit approach will be:

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



HENDERSON LOGGIE
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