

REPORT TO: TAYSIDE VALUATION JOINT BOARD – 21 JUNE 2021

REPORT ON: INTERNAL AUDIT

REPORT BY: ASSESSOR

REPORT NO: TVJB 8-2021

1 PURPOSE OF REPORT

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

Internal Audit Report 2021/03 – Non Domestic Rates
Internal Audit Report 2021/04 – Compliance with Legislation
Internal Audit Report 2021/05 – Follow-Up Reviews
Internal Audit Report 2021/06 – Annual Report

2 RECOMMENDATIONS

2.1 The Joint Board is asked to note the contents of this Report and attached 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 1 April 2013 to 31 March 2019 and have subsequently been re-appointed for the period from 1 April 2019 to 31 March 2022. Audit work has proceeded in accordance with the Audit Needs Assessment and Strategic Plan for the period 2019 to 2022 as approved by the Joint Board on 26 August 2019.

5.2 Internal Audit Report 2021/03 – Non-Domestic Rates - is attached as Appendix 1 to this report. It has been prepared by Internal Audit following discussion with the Assessor. The overall conclusion of the report is that the level of assurance is good and that the system meets the control objectives. No significant weaknesses were identified.

- 5.3 Internal Audit Report 2021/04 – Compliance with Legislation - is attached as Appendix 2 to this report. It has been prepared by Internal Audit following discussion with the Assessor. The overall conclusion of the report is that the level of assurance is good and that the system meets the control objectives. The report notes that a number of policies require to be updated and that arrangements are already in place to undertake reviews where required.
- 5.4 Internal Audit Report 2021/05 – Follow-Up Reviews - is attached as Appendix 3 to this report. It has been prepared by Internal Audit following discussion with the Assessor. The overall conclusion of the report is that the Board has made reasonable progress in fully implementing three of the seven recommendations. The remaining four recommendations have been assessed as partially implemented and these will be subject to further follow up at a later date.
- 5.5 Internal Audit Report No. 2021/06 – Annual Report to the Joint Board and the Assessor - is attached as Appendix 4 to this report. It sets out a summary of the audit reviews undertaken during the year 2020/21 and the results and conclusions of those reviews. The overall conclusion of the report is that the Board operates adequate internal control systems as defined in the Audit Needs Assessment. The audit and assurance work has not identified any significant gaps in the Board's control environment that would increase the risk of financial loss.

6 CONSULTATIONS

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

7 BACKGROUND PAPERS

- 7.1 None.

ALASTAIR KIRKWOOD
Assessor

June 2021

Tayside Valuation Joint Board

Non-Domestic Rates

Internal Audit Report No: 2021/03

Draft issued: 7 June 2021

Final issued: 7 June 2021

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. |

Management Summary

Overall Level of Assurance

| | |
|-------------|---------------------------------|
| Good | System meets control objectives |
|-------------|---------------------------------|

Risk Assessment

This review focussed on the controls in place to mitigate the following risk included on the Board's risk register:

- 5.2 – Failure of Information provision: Non-Domestic Rating (risk rating: low/moderate)

Background

As part of the Internal Audit programme at Tayside Valuation Joint Board ('the Board'), for 2020/21, we carried out a review of the arrangements in place for updating the Valuation Roll in relation to the revaluation of non-domestic properties. Our Audit Needs Assessment identified this as an area 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.

Commercial properties are subject to Non-Domestic Rates charges based on their valuation as determined by the Assessor and recorded in the Valuation Roll. The Valuation Roll is a public document that contains an entry for all non-domestic properties in an Assessor's area except those specifically excluded by law.

Values are established periodically at Revaluation, with the latest occurring on 1 April 2017 with the date of valuation set at 1 April 2015. Revaluation results in the production of a new Valuation Roll that contains revised values for all non-domestic properties in the Assessor's area. Following a Revaluation, new values will generally remain unchanged until the next Revaluation, unless the property is altered, or other changes take place.

The next non-domestic rates revaluation in Scotland will take effect in 2023 and will be based on rental values pertaining as at 1 April 2022 which will mean that properties' rateable values will reflect market conditions considering any impact arising from the COVID-19 pandemic.

Non-Domestic Rates

Scope, Objectives and Overall Findings

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

The table below notes the objectives for this review and records the results:

| Objective | | Findings | | |
|--|-------------|---------------------------------|----------|----------|
| The objectives of our audit were to obtain reasonable assurance that: | | 1 | 2 | 3 |
| 1. there are appropriate procedures in place to ensure that: all non-domestic properties are on the Valuation Roll. | Good | 0 | 0 | 0 |
| 2. all property valuations are carried out by suitably qualified valuers and are evidenced as checked and authorised by a Valuer or Senior Valuer. | Good | 0 | 0 | 0 |
| 3. all valuations are input into the Valuation Roll and the weekly 'Roll of Change' is evidenced as checked by an Assistant Assessor or Principal Valuer. | Good | 0 | 0 | 0 |
| 4. 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. | Good | 0 | 0 | 0 |
| 5. the Valuation Roll is accurately and timeously amended to record the outcome of an appeal. | Good | 0 | 0 | 0 |
| 6. only authorised staff can input amendments and all new entries are checked independently and evidenced. | Good | 0 | 0 | 0 |
| 7. authorised staff change their passwords in line with pre-determined password protocols and where staff leave their access is suspended. | Good | 0 | 0 | 0 |
| 8. 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. | Good | 0 | 0 | 0 |
| 9. 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. | Good | 0 | 0 | 0 |
| Overall Level of Assurance | Good | 0 | 0 | 0 |
| | | System meets control objectives | | |

Non-Domestic Rates

Audit Approach

From discussion with relevant staff, and review of procedural documentation, we confirmed any system changes, identified the key internal controls in place within the non-domestic rates valuation and appeals systems and compared these with expected controls. Audit testing was then carried out to ensure that the controls in place are operating effectively across each area office.

Summary of Main Findings

Strengths

- The COVID-19 pandemic and resulting requirement for staff to work from home required the Board to review the way in which the key internal controls which ensure the accuracy of the Valuation Roll were applied. Despite these changes we were able to confirm that on the basis of our testing that the internal controls in place are operating effectively which ensure that: the records relating to current property values are up to date and accurate; valuations and appeals are dealt with appropriately and timeously; and appropriate controls are in place over entries and amendments made to the Valuation Roll.
- From the sample testing carried out we obtained reasonable assurance that the information held on the Valuation Roll is an accurate, comprehensive and is an up-to-date record of non-domestic properties in Tayside. Our sample testing confirmed that additions, deletions, and alterations to the Valuation Roll are appropriately controlled and verified.
- Appeal cases are logged on receipt and, from our sample testing, they have all been dealt with timeously.
- There is an adequate level of segregation of duties between identification of changes in value to the Valuation Roll and the input of amendments on the Valuation Roll.

Weaknesses

- There were no significant weaknesses identified during our review.

Acknowledgements

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

Main Findings and Action Plan

Valuations

Objective 1: There are appropriate procedures in place to ensure that: all non-domestic properties are on the Valuation Roll;

Objective 2: All property valuations are carried out by suitably qualified valuers and are evidenced as checked and authorised by a Valuer or Senior Valuer; and

Objective 9: 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.

As part of our audit testing, we selected a random sample of 30 VC1 cards, from across the three local authority areas, ensuring that sufficient documentation existed on the subject files to support the valuations arrived at. In all cases we could confirm that appropriate evidence was held to ensure that the valuation noted on each property file agreed to the valuation per the VC1 cards and the subsequent Roll of Change.

For each item in our sample, we confirmed that valuations had been carried out by a qualified valuer, and where valuations had been carried out by technician these were found to have been subsequently checked and approved by a Senior Valuer.

The Non-Domestic Rating General Outline of Procedures state that once a Valuer has amended a valuation on-screen (or by way of spreadsheets or manually) a VC1 card must be completed by the Valuer. The procedures describe the required details that must be recorded on the VC1 cards, which include showing the extent of the monetary difference between the original value and the proposed amended valuation. This assists in reconciling the weekly additions and deductions of value to the valuation roll. Our testing confirmed that this information was recorded on almost all the VC1 cards included in our sample with a very small number of exceptions noted, however, details of movements in valuations were found to be held on supporting documents in all instances.

Non-Domestic Rates

Valuations (continued)

Objective 1: There are appropriate procedures in place to ensure that: all non-domestic properties are on the Valuation Roll;

Objective 2: All property valuations are carried out by suitably qualified valuers and are evidenced as checked and authorised by a Valuer or Senior Valuer; and

Objective 9: 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.

In all instances Valuation Notices were found to have been issued in line with the corresponding entry made in the updated Valuation Roll of Change without exception. The 2019/20 survey identified very high levels of satisfaction with the service provided by the Board, with 96% (2018/19 – 96%) of responses responding that they were either “Very Satisfied” or “Satisfied”. In addition to the opportunity to comment via the customer questionnaires, customers can also make use of the Board’s Complaints Procedure to express dissatisfaction with any aspects of service provision. During the period covered by the 2018/19 questionnaire there were four recorded complaints (2018/19 – three complaints). These were all dealt with satisfactorily by senior members of staff at a local level and none required escalation and further investigation by senior management.

Non-Domestic Rates

Roll of Change

Objective 3: All valuations are input into the Valuation Roll and the weekly 'Roll of Change' is evidenced as checked by an Assistant Assessor or Principal Valuer.

The Non-Domestic Rating General Outline of Procedures recommends that the weekly checking of VC1 cards against the Roll of Change is carried out by both Senior Valuers and clerical staff with any differences that are highlighted during the checking process investigated to ensure that any necessary corrections are applied to the property database. From the sample testing conducted we confirmed that these checks were being carried out prior to finalisation of the weekly Roll of Change for each of three local authority areas, and that the control is operating as expected.

In each of the three local authority areas, a Roll of Change report is produced which shows all changes to properties relating to that week. During the COVID-19 pandemic we noted that the weekly reports were drafted by a member of clerical staff, with values contained on the report then checked and signed off by a Senior Valuer agreeing the valuation to supporting documents to confirm that the change made is as expected. They then sign and date the cover sheet. Once all properties have been checked the report is then checked by clerical staff to confirm that all properties have been checked and that details are correct. This is then passed to the Assistant Assessor to review and sign off.

For the sample of Rolls of Change tested, which relate to our testing of VC1 cards noted above, we found that in all cases the VC1 valuations agreed to the Roll of Change and that the controls in place relating to the checking of the weekly Roll of Change were operating.

Non-Domestic Rates

Appeals

Objective 4: 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; and

Objective 5: The Valuation Roll is accurately and timeously amended to record the outcome of an appeal.

We selected a random sample of 10 appeals from across all three local authority areas and ensured that:

- the appeal was lodged and recorded within the statutory timeframe;
- the Board had issued an acknowledgment letter to the appellant; an appeals header sheet had been produced;
- sufficient documents were available to support the appeals and any amended valuation; and
- that the final header sheet agreed with the final valuation as entered the corresponding Roll of Change.

No exceptions were noted from our testing.

Non-Domestic Rates

Deletions / Amendments

Objective 6: Only authorised staff can input amendments and all new entries are checked independently and evidenced;

Objective 7: Authorised staff change their passwords in line with pre-determined password protocols and where staff leave their access is suspended; and

Objective 8: 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.

Our sample testing of 30 VC1 cards included one property which was deleted from the Valuation Roll. Our sample also included 22 amended valuations to existing properties listed on the Valuation Roll. In each case we were able to agree the deletion or amendment of the entry to supporting documentation and confirmed that appropriate authorisation had been obtained for the deletion or amendment. No exceptions were noted.

Guidance relating to access to the Board's systems is included within Security of Information Technology Systems, which has been issued to all staff. The guidance outlines the need to eliminate any potential risk of unauthorised disclosure of information and of unauthorised amendments being made to the Valuation Roll and all other computer applications operated by the Assessor and the Board. All computer equipment is configured in such a way that all users are required to enter a username and password before the computer can be operated. Unique usernames are allocated to each member of staff. The guidance refers to the Board's password policy, which states that passwords must be changed at least once every three months. Systems are set up to automatically prompt users to change passwords if a change has not been made within the required period.

Adequate segregation exists amongst staff to minimise the risk of unauthorised amendments being made to the Valuation Roll. This is achieved by ensuring that access to the Valuation Roll is determined by business need to ensure that the integrity of the Valuation Roll is maintained. Any amendments are authorised by Senior Valuers with subsequent changes to the Valuation Roll then applied independently by clerical staff. During the COVID-19 pandemic we noted that valuation staff made changes to the Valuation Roll as part of the valuation process. Previously these changes were applied by clerical staff. To ensure changes to the Valuation Roll are accurate and authorised, we noted that independent checking of VC1 cards and changes to the weekly Roll of Change were undertaken to ensure that changes were appropriate.

There is a formal requirement for staff to complete an annual return listing any properties in which members of staff may have a personal interest. Such properties are flagged in the Valuation Roll and reports are generated and reviewed each month by an Assistant Assessor when changes are made to properties that are linked to staff. Changes are then reviewed to ensure that any amendments affecting the Valuation Roll are bona fide and accurate.

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Tayside Valuation Joint Board

Compliance with Legislation

Internal Audit Report No: 2021/04

Draft issued: 7 June 2021

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LEVEL OF ASSURANCE

Good

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Level of Assurance

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Gradings are defined as follows:

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Action Grades

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| 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. |



Management Summary

Overall Level of Assurance

| | |
|------|---------------------------------|
| Good | System meets control objectives |
|------|---------------------------------|

Risk Assessment

This review focussed on the controls in place to mitigate the following risk included on the Board's risk register:

- 5.1 – Legislative changes affecting: Council Tax; Non-Domestic Rates; Personnel; Board Policies; and GDPR (residual risk rating: poor / good)

Background

As part of the Internal Audit programme at Tayside Valuation Joint Board ('the Board',) for 2020/21, we carried out a review of the arrangements for ensuring compliance with legislation. Our Audit Needs Assessment identified this as an area 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.

Compliance with Legislation

Scope, Objectives and Overall Findings

This audit involved a high-level review of the processes in place within the organisation for the maintenance of policies and procedures and considered the arrangements in place to ensure compliance with key legislation, including the Data Protection Act 2018 and the Non-Domestic Rates (Scotland) Act 2020.

The table below notes the objectives for this review and records the results:

| Objective | | Findings | | | Actions already in progress |
|--|---------------------|---------------------------------|----------|----------|-----------------------------|
| | | 1 | 2 | 3 | |
| The objectives of our audit were to obtain reasonable assurance that: | | | | | |
| 1. there is a consistent approach in place for the creation, amendment, approval and distribution of policies and procedures. | Good | 0 | 0 | 0 | |
| 2. all policies and procedures are reviewed, and updated where necessary, on a periodic basis. | Satisfactory | 0 | 0 | 0 | ✓ |
| 3. outwith the normal review cycle there is a process to identify changes in legislation and update policies and procedures on a timely basis. | Good | 0 | 0 | 0 | |
| 4. policies and procedures in place cover all appropriate areas and are considered adequate. | Good | 0 | 0 | 0 | |
| 5. staff have access to policies and procedures and are aware of their requirements. | Good | 0 | 0 | 0 | |
| Overall Level of Assurance | Good | 0 | 0 | 0 | |
| | | System meets control objectives | | | |

Audit Approach

From discussion with the Assessor and review of supporting documents we established the processes in place for the creation, amendment, approval and distribution of policies and procedures and consider whether this is in line with good practice. We also considered whether the policies and procedures in place cover all areas expected by legislation applicable to the Board, and good practice.

Compliance with Legislation

Summary of Main Findings

Strengths

- Our review identified that the Board does not have a definitive list of all legislation impacting on the Board's activities. However, following discussions with the Assessor, and a review of documents, we consider that all relevant legislation is adequately covered by the existing policies and procedures.
- A Service Level Agreement (SLA) is in place with Dundee City Council (DCC) which covers financial services. The Board utilises the services of the DCC Information Governance Manager as part of its procedures for ongoing monitoring of data protection compliance. Any changes to legislation in these areas are notified to the Board by DCC and policies and procedures are updated accordingly.
- We identified a good range of channels and sources utilised by the Board to ensure that it keeps up to date with changes to legislation,
- Overall, we found that the policies and procedures in place covered all expected areas and were considered to be adequate.

Weaknesses

- In 2020/21 the Board undertook a review of its policies and procedures which identified several documents which were beyond their review date. Board staff have been allocated responsibility for updating these and going forward the Governance Working Group will monitor review dates and highlight where policies require to be updated. We also noted that not all policies and procedures include a schedule of amendments as the previous policy formats and templates did not contain this information. However the Board has agreed that as each policy is reviewed it will be updated to a modern format to include both a schedule of amendments and also a specified review period.

Acknowledgements

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

Main Findings and Action Plan

Objective 1: There is a consistent approach in place for the creation, amendment, approval and distribution of policies and procedures.

Any new or amended policies are drafted by the relevant operational lead, such as Assistant Assessors or Senior Valuers, and then passed to the Management Team for review before being presented to the Board for discussion and approval. To ensure that new or amended policies are compliant with the latest legislation, all policies include a reference to any applicable legislation to demonstrate that any legal requirements have been considered. Policies and procedures are subject to review by the Management Team, the Assessor and by the Board. Where required the Assessor will seek additional input from its various external advisors, such as legal advisors. The Board has a Service Level Agreement (SLA) in place with Dundee City Council (DCC) for financial services which was last refreshed during 2020. The Board also liaises with contacts at DCC to seek advice on matters such as HR and Health & Safety. To ensure that new or amended policies are compliant with extant legislation, draft policies are shared for review with the relevant department within Dundee City Council. Policies are then presented to the Joint Board for approval before being made publicly available via the Board's website.

Copies of all policies and procedures, and other internal documents, are available to all staff on the Board's intranet.

The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 places a specific duty on a public body to, amongst other things, assess the impact of proposed new or revised policies and practice against the needs of the general equality duty. The Board has adopted an Equality Impact Assessment Tool which is used by DCC. The aim of the 'Rapid Impact Assessment Tool' (RIAT) is to provide those drafting new or reviewing existing policies, procedures, strategies, or practice, with a simply designed tool. This assists them along with training and guidance, in completing equality impact assessments and relating the assessment to their practice.

Compliance with Legislation

Objective 2: All policies and procedures are reviewed, and updated where necessary, on a periodic basis; and

Objective 3: Outwith the normal review cycle there is a process to identify changes in legislation and update policies and procedures on a timely basis.

The main areas of legislation impacting on the Board are statutory instruments relating to the Board's core operations of Council Tax, Non-Domestic Rates and Electoral Registration. Other key areas include freedom of information, data protection, equalities and health and safety.

The Board keeps up to date with changes to legislation in several ways. The SLA in place with DCC covers finance and payroll. Any changes to legislation in these areas are notified to the Board by DCC staff and policies and procedures are updated accordingly. We identified a range of channels and sources utilised by the Board to ensure that it keeps up to date with changes to legislation, including:

- legal advisors
- key partners, including local authorities and other Assessors. Board staff work liaise regularly with local authorities and would be notified of any changes in legislation impacting on councils, which in turn may have an impact on the Board or its service users;
- the Board utilises the services of the DCC Information Governance Manager as part of its procedures for ongoing monitoring of data protection compliance;
- Scottish Assessors Association (SAA): staff participate in various SAA forums and groups;
- SAA reports and guidance in relation to Non-Domestic Rates, Council Tax and Electoral Registration;
- Scottish Government and UK Government: guidance and consultations are issued to the Board, particularly in relation to electoral registration matters;
- employees membership of professional bodies;
- Scottish Government reports and guidance;
- Board members come from a variety of backgrounds and may be able to bring their awareness and knowledge of legislation to the Joint Board;
- Health and Safety Executive (HSE): reports and guidance;
- External and Internal Auditors; and
- external training providers.

In 2020/21 the Board undertook a review of its policies and procedures which identified several documents which were beyond their review date. Board staff have been allocated responsibility for updating these and going forward the Governance Working Group will monitor review dates and highlight where policies require to be updated. We also noted that not all policies and procedures include a schedule of amendments as the previous policy formats and templates did not contain this information, however the Board has agreed that as each policy is reviewed it will be updated to a modern format to include both a schedule of amendments and a specified review period.

Our review identified that the Board does not have a definitive list of all legislation impacting on the Board's activities, however, following discussions with the Assessor, and a review of documents, we consider that all relevant legislation is covered by the existing policies and procedures.

Compliance with Legislation

Objective 4: Policies and procedures in place cover all appropriate areas and are considered adequate.

Our review confirmed that, subject to the Board completing an update of the policies and procedures noted above which are now due to be refreshed, the policies and procedures in place covered all expected areas and were considered to be adequate.

Objective 5: Staff have access to policies and procedures and are aware of their requirements.

Staff are made aware of updated to the Board's policies and procedures during team briefings and all staff have access to policies and procedures on the staff intranet.

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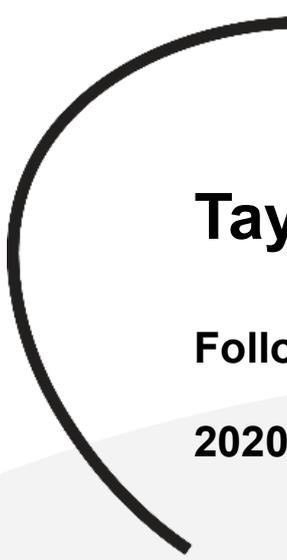
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Tayside Valuation Joint Board

Follow-Up Reviews

2020/21

Internal Audit Report No: 2021/05

Draft issued: 7 June 2021

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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 2019 to 31 March 2022. The Internal Audit Plan for 2020/21 includes time for follow-up work on the recommendations made in our Internal Audit reports issued during 2019/20. These were:

2020/04 – Staff Recruitment & Retention / Organisational Development; and
2020/05 – IT Network Arrangements / Cyber Security.

Reports 2020/01, 2020/02, 2020/03 and 2020/06 did not contain an action plan and therefore no follow-up was required as part of this review.

Audit Scope and Objectives

The objective of our follow-up review is to assess whether recommendations made in internal audit reports from 2019/20, and previous years, 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 reasonable progress in fully implementing three of the seven recommendations followed up as part of this review. The remaining four recommendations have been assessed as 'partially implemented' and will be subject to follow-up at a later date.

Overall Conclusion (continued)

| Area | From Original Reports | | From Follow-Up Work Performed | | | |
|--|-----------------------|---------------|-------------------------------|-----------------------|----------------------------|--------------------------------|
| | Rec'n Grades | Number Agreed | Fully Implemented | Partially Implemented | Little or No Progress Made | Considered But Not implemented |
| Staff | 1 | - | - | - | - | - |
| Recruitment & Retention / Organisational Development | 2 | - | - | - | - | - |
| | 3 | 3 | 2 | 1 | - | - |
| Total | | 3 | 2 | 1 | - | - |
| IT Network Arrangements / Cyber Security | 1 | - | - | - | - | - |
| | 2 | 1 | - | 1 | - | - |
| | 3 | 3 | 1 | 2 | - | - |
| Total | | 4 | 1 | 3 | - | - |
| Grand Total | | 7 | 3 | 4 | - | - |

The grades, as detailed below, denote the level of importance as they relate to each individual recommendation:

| | |
|-------------------|---|
| Priority 1 | Issues which require the consideration of the Joint Board. |
| Priority 2 | Significant matters which the Assessor can resolve. |
| Priority 3 | Less significant matters, which do not require urgent attention, but which should be followed up within a reasonable timescale. |

Acknowledgments

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



Appendix I - Updated Action Plan: Internal Audit Report 2020/04 – Staff Recruitment & Retention / Organisational Development

| Recommendation | Grade | Management Response | Agreed Y/N | Responsible Officer For Action | Agreed Completion Date | Progress at June 2021 |
|---|-----------------|--|------------|--------------------------------|------------------------|--|
| <p>R1 In order to meet the anticipated changes to non-domestic property valuation and Electoral Registration legislation, and associated practices, the Board should consider performing a forecast of expected staff numbers, skill needs and staff costs on a rolling three-year basis, using scenario planning where necessary.</p> | <p>3</p> | <p>The organisational structure approved by the Board in June 2019 reflected detailed consideration of the current workforce, skill needs, projected staff requirement & costs over the period until 2022 and beyond (including the additional duties imposed following the Barclay Report). This will be reviewed annually to forecast future requirements on a rolling three-yearly basis.</p> | <p>Yes</p> | <p>Assessor</p> | <p>30 June 2020</p> | <p>The Assessor now undertakes an annual review of the workforce plan & organisational structure.</p> <p><i>Fully Implemented</i></p> |

Follow-Up Reviews 2020/21

| Recommendation | Grade | Management Response | Agreed Y/N | Responsible Officer For Action | Agreed Completion Date | Progress at June 2021 |
|--|----------|---|------------|--------------------------------|------------------------|--|
| R2 Ensure that a timetable is agreed for undertaking a formal skills audit of staff. The results should link to the Board's workforce planning analysis (see R1) and inform the Board's succession planning arrangements. | 3 | A formal skills audit will be undertaken. | Yes | Principal Valuer | 30 June 2020 | <p>Ongoing.</p> <p>Due to issues related to the pandemic the skills audit has been delayed. This is now expected to take place by 31 December 2021.</p> <p>Revised Completion Date: 31 December 2021</p> <p><i>Partially Implemented</i></p> |

Follow-Up Reviews 2020/21

| Recommendation | Grade | Management Response | Agreed Y/N | Responsible Officer For Action | Agreed Completion Date | Progress at June 2021 |
|--|-------|---|------------|--------------------------------|------------------------|--|
| <p>R3 Consideration should be given to the development of a 'Training application and evaluation form' which captures expected learning outcomes and also provides the opportunity for staff to subsequently formally evaluate the achievement of anticipated learning outcomes and to record feedback after attending the relevant training course. Completed forms should then be signed-off by managers and form part of the EPDR process. Feedback provided on the forms should be reviewed and the results used to inform future selection of training providers and will inform an analysis of training spend and benefits derived to ensure that best value is being achieved from training spend.</p> | 3 | A training application form will be developed to be completed when individual training requests are made which shall include expected learning outcomes and feedback. | Yes | Principle Valuer | 30 June 2020 | <p>A training application / evaluation form has been developed and is in use.</p> <p><i>Fully Implemented</i></p> |

Appendix II - Updated Action Plan: Internal Audit Report 2020/05 – IT Network Arrangements / Cyber Security

| Recommendation | Grade | Management Response | Agreed Y/N | Responsible Officer For Action | Agreed Completion Date | Progress at June 2021 |
|---|----------|--|------------|--------------------------------|------------------------|--|
| R1 Tools such as network intrusion detection and network intrusion prevention should be placed on the network and configured to monitor traffic for unusual or malicious incoming and outgoing activity that could be indicative of an attack or an attempt. Alerts generated by the system should be promptly managed by IT staff, trends analysed and where significant security issues are identified these are reported to management. | 3 | Management will investigate the availability of suitable Intrusion Detection and Intrusion Prevention systems which are compatible with existing network arrangements. | Yes | IT Manager | 31 March 2021 | Appropriate software and support services have been purchased. Delivery of the necessary hardware has been delayed due to global shortages. The system will be installed once the hardware becomes available.. Revised Completion Date: 31 December 2021. <i>Partially Implemented</i> |
| R2 Consider disabling the autorun facility on all networked devices. | 3 | The auto run facility will be disabled. | Yes | IT Manager | 30 August 2020 | The auto run facility has been disabled. <i>Fully Implemented</i> |

Follow-Up Reviews 2020/21

| Recommendation | Grade | Management Response | Agreed Y/N | Responsible Officer For Action | Agreed Completion Date | Progress at June 2021 |
|--|-------|---|------------|--------------------------------|------------------------|---|
| <p>R3 Develop a programme of information security training for new and existing staff to mitigate information security risks, covering:</p> <ul style="list-style-type: none"> the Board's IT security policies and procedures. cyber security risks and strategies for defence, covering internet safety, mobile and home working, phishing, and prevention against malware. regular refresher training on the security risks to the organisation. supporting staff in information security roles to enrol on a recognised certification scheme. monitoring the effectiveness of security training; and promoting an incident reporting culture. | 2 | <p>Management will investigate whether a suitable programme of information security training for existing staff can be sourced externally or developed internally.</p> <p>Consideration will be given to the availability of suitable certification-based training for staff in security roles.</p> | Yes | IT Manager | 30 June 2021 | <p>A programme for staff to complete national cyber security training is underway - expected to be completed by 30 September 2021.</p> <p>A certificate-based training course for staff in security roles has been identified and arrangements will be made for one member of staff undertake this.</p> <p>Revised Completion Date: 30 September 2021</p> <p><i>Partially Implemented</i></p> |

Follow-Up Reviews 2020/21

| Recommendation | Grade | Management Response | Agreed Y/N | Responsible Officer For Action | Agreed Completion Date | Progress at June 2021 |
|---|----------|--|------------|--------------------------------|------------------------|--|
| <p>R4 Once training has been delivered (R3) establish mechanisms to test the effectiveness and value of the security training provided to staff. Those areas of the organisation that regularly feature in security reports or achieve the lowest feedback from information security questionnaires should be targeted for further tailored training.</p> | 3 | <p>Management will investigate the availability of mechanisms to test the effectiveness of security training provided to staff. Any resultant feedback will be utilised to target further tailored training.</p> | Y | IT Manager | 30 June 201 | <p>A mechanism for testing the effectiveness of security training is under development.</p> <p>Revised Completion Date: 31 December 2021</p> <p><i>Partially Implemented</i></p> |

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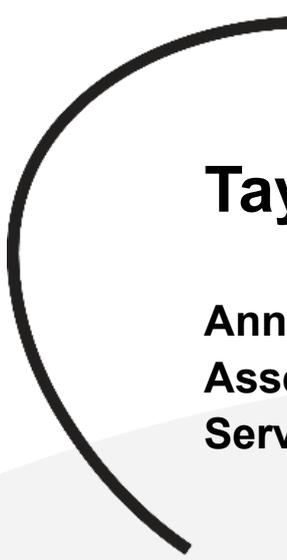
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Tayside Valuation Joint Board

**Annual Report to the Joint Board and the
Assessor on the Provision of Internal Audit
Services for 2020/21**

Internal Audit Report No: 2021/06

Draft issued: 7 June 2021

Final issued: 7 June 2021



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1. Annual Report and Opinion

Introduction

- 1.1 We were formally re-appointed in April 2019 as internal auditors of Tayside Valuation Joint Board ('the Board') for the period 1 April 2019 to 31 March 2022. This report summarises the internal audit work performed during 2020/21.
- 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 2019/20 (internal audit report 2020/01, issued in July 2019). 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 2019/20 to 2021/22. Work in the previous three-year cycle was 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 Internal Audit Annual Plan 2020/21 reflected the allocation of days shown in Year 2 of the Audit Needs Assessment and Strategic Plan 2019 to 2020, with no changes made.
- 1.4 The work delivered in 2020/21 followed that set out in the Annual Plan for 2020/21. 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 shown below in Section 4.

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.

Internal Audit Annual Report 2020/21

- 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 annually in April.
- 1.8 External assessment is built into our firm-wide quality assurance procedures. Henderson Loggie is a member of MHA, a national association of independent 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 independent review in March 2019 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 the intervening years we conduct a self-evaluation exercise, with the latest self-evaluation in April 2021 confirming that the findings of the latest independent review remain valid.
- 1.9 The results of our self-assessment are that we are able to confirm that our service is independent of the Board and complies with the PSIAS.

Significant Issues

- 1.10 There were no significant issues or major internal control weaknesses noted from the internal audit work conducted during 2020/21. All internal audit reports issued during 2020/21 concluded that systems met control objectives and provided good assurance.
- 1.11 During 2020/21 the Board made reasonable progress in fully implementing three of the seven recommendations contained within internal audit reports issued in 2019/20. Our Follow-Up Reviews (Internal Audit Report 2021/05) reported that the remaining four recommendations have been assessed as 'partially implemented' and will be subject to follow-up at a later date.
- 1.12 There were no instances of fraud identified from the audit work conducted during the year.

Opinion

- 1.13 As required by standard 2450 of PSIAS, the chief internal audit executive, is required to provide an annual report on the audit work carried out during the year and an opinion on the operation of controls within the Board. This opinion is used to inform the Board's annual governance statement. Within the Board this role currently resides with MHA Henderson Loggie based on the work that MHA Henderson Loggie have undertaken.
- 1.14 In our opinion, overall, the Board operates adequate internal control systems as defined in the Audit Needs Assessment. The audit and assurance work has not identified any significant gaps in the Board's control environment that would increase the risk of financial loss. This opinion has been arrived at taking into consideration the internal audit, risk management and other assurance work that has been undertaken during 2020/21 and in previous years since our original appointment in 2010.

2. Reports Submitted

| Number | Title | Overall Grade | Recommendations | Priority 1 | Priority 2 | Priority 3 |
|---------|-----------------------------|--|-----------------|------------|------------|------------|
| 2021/01 | Annual Plan | N/A | N/A | N/A | N/A | N/A |
| 2021/02 | Corporate Governance | Good | - | - | - | - |
| 2021/03 | Non-Domestic Rates | Good | - | - | - | - |
| 2021/04 | Compliance with Legislation | Good | - | - | - | - |
| 2021/05 | Follow Up Reviews | Four out of seven recommendations required further action. | 4 | - | 1 | 3 |
| 2021/06 | Annual Report | N/A | N/A | N/A | N/A | N/A |

Overall 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. |



3. Summary of Results and Conclusions

2021/01 – Internal Audit Annual Plan 2020/21

Final Issued – July 2020

The purpose of this document was to present to the members of Tayside Valuation Joint Board ('the Board') the annual internal audit operating plan for the year ended 31 March 2021. The plan was based on the proposed allocation of audit days for 2020/21 set out in the Audit Needs Assessment and Strategic Plan 2019 to 2022. The preparation of the Strategic Plan involved dialogue with management and with the Treasurer (via the Assessor).

Internal Audit Annual Report 2020/21

2021/02 – Corporate Governance

Final Issued – October 2020

This review covered corporate governance arrangements within the Board and compared these against best practice included in the CIPFA Delivering Good Governance in Local Government: Guidance Note for Scottish Authorities (2016). This included reviewing such items as:

- Local Code of Corporate Governance
- Committee organisation and administration
- Standing Orders
- Financial Regulations
- Delegation of Powers to Officers
- Governance self-assessments
- Fraud and Corruption policies and procedures; and
- Complaints and Whistleblowing procedures.

Strengths

- The Board’s corporate governance arrangements are, where applicable, in accordance with the best practice as set out in the CIPFA / SOLACE ‘Delivering Good Governance in Local Government guidance’ in all relevant and material respects.

Weaknesses

- There were no significant weaknesses identified during our review.

The table below notes the objectives for this review and records the results:

| Objective | | Findings | | |
|--|-------------|---------------------------------|---|---|
| | | 1 | 2 | 3 |
| The primary objective of this audit was to obtain reasonable assurance that: | | | | |
| 1. The Board’s corporate governance arrangements are in accordance with best practice as set out in the CIPFA / SOLACE Delivering Good Governance in Local Government: Framework (2016) and accompanying guidance notes for Scottish Authorities, which was published in September 2016. | Good | 0 | 0 | 0 |
| Overall Level of Assurance | Good | 0 | 0 | 0 |
| | | System meets control objectives | | |

Internal Audit Annual Report 2020/21

2021/03 – Non-Domestic Rates

Final Issued – June 2021

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

The table below notes each separate objective for this review and records the results:

| Objective | | Findings | | |
|--|-------------|---------------------------------|----------|----------|
| | | 1 | 2 | 3 |
| The objectives of our audit were to obtain reasonable assurance that: | | | | |
| 1. there are appropriate procedures in place to ensure that: all non-domestic properties are on the Valuation Roll. | Good | 0 | 0 | 0 |
| 2. all property valuations are carried out by suitably qualified valuers and are evidenced as checked and authorised by a Valuer or Senior Valuer. | Good | 0 | 0 | 0 |
| 3. all valuations are input into the Valuation Roll and the weekly 'Roll of Change' is evidenced as checked by an Assistant Assessor or Principal Valuer. | Good | 0 | 0 | 0 |
| 4. 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. | Good | 0 | 0 | 0 |
| 5. the Valuation Roll is accurately and timeously amended to record the outcome of an appeal. | Good | 0 | 0 | 0 |
| 6. only authorised staff can input amendments and all new entries are checked independently and evidenced. | Good | 0 | 0 | 0 |
| 7. authorised staff change their passwords in line with pre-determined password protocols and where staff leave their access is suspended. | Good | 0 | 0 | 0 |
| 8. 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. | Good | 0 | 0 | 0 |
| 9. 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. | Good | 0 | 0 | 0 |
| Overall Level of Assurance | Good | 0 | 0 | 0 |
| | | System meets control objectives | | |

Internal Audit Annual Report 2020/21

2021/04 – Compliance with Legislation

Final Issued – June 2021

This audit involved a high-level review of the processes in place within the organisation for the maintenance of policies and procedures and considered the arrangements in place to ensure compliance with key legislation, including the Data Protection Act 2018 and the Non-Domestic Rates (Scotland) Act 2020.

Strengths

- Our review identified that the Board does not have a definitive list of all legislation impacting on the Board's activities. However, following discussions with the Assessor, and a review of documents, we consider that all relevant legislation is covered by the existing policies and procedures.
- A Service Level Agreement (SLA) is in place with Dundee City Council (DCC) which covers financial services. The Board utilises the services of the DCC Information Governance Manager as part of its procedures for ongoing monitoring of data protection compliance. Any changes to legislation in these areas are notified to the Board by DCC and policies and procedures are updated accordingly.
- We identified a good range of channels and sources utilised by the Board to ensure that it keeps up to date with changes to legislation,
- Overall, we found that the policies and procedures in place covered all expected areas and were considered to be adequate.

Weaknesses

- In 2020/21 the Board undertook a review of its policies and procedures which identified several documents which were beyond their review date. Board staff have been allocated responsibility for updating these and going forward the Governance Working Group will monitor review dates and highlight where policies require to be updated. We also noted that not all policies and procedures include a schedule of amendments as the previous policy formats and templates did not contain this information, however the Board has agreed that as each policy is reviewed it will be updated to a modern format to include both a schedule of amendments and also a specified review period

The table below notes each separate objective for this review and records the results:

Internal Audit Annual Report 2020/21

2021/04 – Compliance with Legislation (continued)

| Objective | | Findings | | | Actions already in progress |
|--|---------------------|---------------------------------|----------|----------|-----------------------------|
| | | 1 | 2 | 3 | |
| The objectives of our audit were to obtain reasonable assurance that: | | | | | |
| 1. there is a consistent approach in place for the creation, amendment, approval and distribution of policies and procedures. | Good | 0 | 0 | 0 | |
| 2. all policies and procedures are reviewed, and updated where necessary, on a periodic basis. | Satisfactory | 0 | 0 | 0 | ✓ |
| 3. outwith the normal review cycle there is a process to identify changes in legislation and update policies and procedures on a timely basis. | Good | 0 | 0 | 0 | |
| 4. policies and procedures in place cover all appropriate areas and are considered adequate. | Good | 0 | 0 | 0 | |
| 5. staff have access to policies and procedures and are aware of their requirements. | Good | 0 | 0 | 0 | |
| Overall Level of Assurance | Good | 0 | 0 | 0 | |
| | | System meets control objectives | | | |

Internal Audit Annual Report 2020/21

2021/05 – Follow-Up Report

Final Issued – June 2021

The Internal Audit Plan for 2020/21 included time for follow-up work on the recommendations made in our Internal Audit reports issued during 2019/20. These were:

- 2020/04 – Staff Recruitment & Retention / Organisational Development; and
- 2020/05 – IT Network Arrangements / Cyber Security.

Reports 2020/01, 2020/02, 2020/03 and 2020/06 did not contain an action plan and therefore no follow-up was required as part of this review.

The Board has made reasonable progress in fully implementing three of the seven recommendations followed up as part of this review. The remaining four recommendations have been assessed as 'partially implemented' and will be subject to follow-up at a later date.

4. Time Spent – Actual v Budget

| | Report number | Planned days | Actual days fee'd | Days to fee at June 2021 | Days to spend / WIP | Variance |
|--|---------------|--------------|-------------------|--------------------------|---------------------|----------|
| Reputation | | | | | | |
| <i>Compliance with Legislation</i> | 2021/04 | 3 | - | 3 | - | - |
| Non Domestic Rates | | | | | | |
| <i>Maintenance of the Accuracy of Records Relating to Current Property Values / Valuation and Updating Procedures / Administering Appeals / Control of Input to the Valuation Roll</i> | 2021/03 | 5 | - | 5 | - | - |
| Organisational Issues | | | | | | |
| <i>Corporate Governance</i> | 2021/02 | 4 | 4 | - | - | - |
| Other Audit Activities | | | | | | |
| Follow-up | 2021/05 | 1 | - | 1 | - | - |
| Management & planning, attendance at Joint Board meetings & liaising with external audit | 2021/01 | 2 | 1 | 1 | - | - |
| | | _____ | _____ | _____ | _____ | _____ |
| Total | | 15 | 5 | 10 | - | - |
| | | ===== | ===== | ===== | ===== | ===== |

5. Operational Plan for 2021/22

- 5.1 Following our re-appointment as internal auditors for the period from 1 April 2019 to 31 March 2022 we prepared an Audit Needs Assessment and Strategic Plan for 2016 to 2019 (internal audit report 2020/01, which was issued in July 2019).
- 5.2 An extract from the Strategic Plan, in relation to 2021/22 is shown below.

Proposed allocation of audit days for 2021/22:

| | Category | Priority | Planned 21/22 Days |
|--|----------|----------|--------------------------|
| Council Tax | | | |
| <i>Maintenance of the Accuracy of Records Relating to Property Bandings / Valuation and Updating Procedures / Administering Proposals / Control of Input to the Valuation List</i> | Perf/Fin | M | 4 |
| Electoral Register | | | |
| <i>Maintenance of Accuracy of the Electoral Register</i> | Perf/Fin | M | 4 |
| Financial Issues | | | |
| <i>Budgetary Control</i> | Perf/Fin | M/L | 4 |
| Other Audit Activities | | | |
| Management & planning, attendance at Joint Board meetings & liaising with external audit | | | 2 |
| Follow-up reviews | | Various | 1 |
| Total | | | 15 |
| | | | ===== |

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