

REPORT TO: TAYSIDE VALUATION JOINT BOARD – 26 AUGUST 2024

REPORT ON: INTERNAL AUDIT

REPORT BY: ASSESSOR

REPORT NO: TVJB 20-2024

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 2024/05 – Non Domestic Rates

Internal Audit Report 2024/06 – 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 three year period from 1 April 2022 to 31 March 2025. Audit work has proceeded in accordance with the Audit Needs Assessment and Strategic Plan for the period 2022 to 2025 as approved by the Joint Board on 29 August 2022.

5.2 Internal Audit Report 2024/05 – 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. It was agreed that procedural statements were not up-to-date and that it was good practice to review and update this document to reflect any changes in working practices

5.3 Internal Audit Report No. 2024/06 – Annual Report to the Joint Board and the Assessor - is attached as Appendix 2 to this report. It sets out a summary of the audit reviews undertaken during the year 2023/24 and the results and conclusions of those reviews. The overall conclusion of the report is that the Board operates adequate internal control systems and provided satisfactory or good assurance. 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.

DONALD ALLAN
Interim Assessor

August 2024

Tayside Valuation Joint Board

Non-Domestic Rates

Internal Audit report No: 2024/05

Draft issued: 28 May 2024

Final issued: 5 June 2024



Section 1	Management Summary	Page
	<ul style="list-style-type: none"> • Overall Report Grade • Risk Assessment • Background • Scope and Objectives • Audit Approach • Summary of Main Findings • Acknowledgements 	<p>1</p> <p>1</p> <p>1</p> <p>2</p> <p>2</p> <p>3</p> <p>3</p>
Section 2	Main Findings and Action Plan	4 - 11

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 management.
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 Tayside Valuation Joint Board ('the Board') risk register:

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

Background

As part of the Internal Audit programme at the Board for 2023/24, 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.

The Board operates across three local authority areas – Angus, Dundee and Perth. These have been divided into two divisions with the West Division based in Perth and the East Division based in Forfar, incorporating both Dundee and Angus areas.

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. NDR liability on a property is calculated as being the tax rate multiplied by the property's rateable value (RV) minus any reliefs that the property is eligible for. Appeals on the entry of a property in the Valuation Roll can be made to the Assessor by the owner, proprietor, or tenant within prescribed timescales.

Values are established periodically at Revaluation, historically occurring every five years, with the current rateable values arising from the most recent revaluation which took effect from 1 April 2023, based on a valuation date of 1 April 2022, reflecting the market conditions that existed at that time. 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 2026 and will be based on rental values pertaining on 1 April 2025.



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 each separate objective for this review and records the results:

Objective	Findings			
	1	2	3	
The specific objectives of the review were to seek reasonable assurance that:				
	No. of Agreed Actions			
1. There are appropriate procedures in place to ensure that all non-domestic properties are included on the Valuation Roll.	Good	0	0	1
2. All amendments to the Valuation Roll, including new entries, deletions, and appeals are approved and applied by appropriately authorised staff and are evidenced.	Good	0	0	0
3. 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
4. All appeal applications are logged on the appeals system and are accepted and checked by appropriately authorised staff.	Good	0	0	0
5. Procedures are 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
6. Systems access controls are in place which ensure only authorised staff have access to data which impacts the integrity and security of the Valuation Roll.	Good	0	0	0
Overall Level of Assurance	Good	0	0	1
		System meets control objectives.		

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

- 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.
- Proposal 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.

Opportunity for Improvement

- The current procedural document for maintaining the accuracy of the Valuation Roll was developed in response to a move to remote working during the COVID-19 pandemic and was last reviewed in 2022. While processes remain unchanged, with the exception of the proposals and appeals process, it would be good practice to review and update this document, to reflect any changes in working practices.

Acknowledgments

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



Main Findings and Action Plan

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

The Board maintains procedures for alteration of the Valuation Roll and list. These were last reviewed in 2022 although remain unchanged since our last audit of this area, completed in June 2021 (internal audit report 2021/03). The procedures were designed to assist staff during the transition to remote working as a result of COVID-19 and have remained in place due to the success of this approach. The procedures include information about access to the remote desktop, preparation and filing of VC1s, checks, and issuing of roll of change reporting to finance.

The Scottish Assessors Association (SAA) maintain a suite of Practice Notes to give additional guidance to the Assessor and staff. In addition to these, the Assessor has developed a series of 'local' practice notes which are available on the Board's website.

The Warrants system is a Tayside Valuation Joint Board system which is used to track properties that are in the process of having alterations, change of use or may be built or extended in the future. The system is an important tool for Valuers to understand what property developments are currently underway in the area and information in the system is used to determine at what point a property requires a valuation to be undertaken. Although the Warrants system has no direct effect on the Valuation Roll itself, the information within it is important identifying changes which may affect the Valuation Roll. It is therefore important that the Board staff receive information from local authorities regarding planning applications and building completion certificates issued on a timely basis and that this information is accurately and timeously input into the Warrants system.

We selected a sample of 15 building warrants across the three regional areas in which the Board operates (Perth, Dundee and Angus) to ensure these had been correctly processed. We reviewed the weekly Business Warrant lists to confirm that a Property Unique Reference Number (PURN) had been assigned to each property on the list, and to verify that they had been checked by technical staff before each report was input into the Warrants system.

All 15 reports were correctly signed and dated by the valuer entering the report into the warrant system. Of our sample of 15 warrants, two warrants, one from Perth and one from Angus, did not have a PURN number assigned to them. It was explained that these warrants were both for new build properties which were yet to be constructed. As there was no other property currently at these premises, a PURN number will not be assigned until construction of buildings is completed.

We traced all 15 property warrants sampled from the weekly lists through to the warrant system, confirming that they had been included on the system with no issues identified.



Non-Domestic Rates

Objective 1 - There are appropriate procedures in place to ensure that all non-domestic properties are included on the Valuation Roll (continued).

Observation	Risk	Recommendation	Management Response			
<p>As noted above, the Board maintains a written procedure for preparation and alteration of the Valuation Roll and list. From review of the procedure, we noted that this was last reviewed in 2022, however it has not been updated to reflect changes to operational processes made since then.</p> <p>We also note that the procedures do not refer to the appeals and proposals process which underwent significant change as of April 2023.</p>	<p>The procedures are not up to date and reflective of current processes</p>	<p>R1 The Board should undertake a review of the procedures for preparation and alteration of the Valuation Roll and list, recording who this was completed by and when, with a date of next expected review.</p> <p>The review should include documenting the process for the revised proposals process, superseding the previous appeals process.</p>	<p>Separate guidance notes exists but it is recognised that review is required consequent to the establishment of hybrid working practices into the longer term.</p> <p>To be actioned by: Assessor</p> <p>No later than: 31 March 2025</p> <table border="1" data-bbox="1583 783 2089 888"> <tr> <td data-bbox="1583 783 1848 888">Grade</td> <td data-bbox="1848 783 2089 888">3</td> </tr> </table>		Grade	3
Grade	3					



Non-Domestic Rates

Objective 2 - All amendments to the Valuation Roll, including new entries, deletions, and appeals are approved and applied by appropriately authorised staff and are evidenced.

Objective 3 - 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 have looked at the processes in place to ensure that all non-domestic properties are correctly included on the Valuation Roll. We selected a sample of 10 VC1 cards for the period April 2023 to March 2024 from each of the local authority areas managed by the Tayside Valuation Joint Board – Perth, Dundee and Angus regions, totalling a sample of 30 across the three areas.

Valuations

For each of the three areas, testing was conducted to ensure that sufficient documentation was in place 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 VC1 and draft weekly Roll of Change, which these amendments are entered onto, are also checked and approved by authorised staff.

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 all of the VC1 cards included in our sample, with no exceptions noted, and details of movements in valuations were found to be held on supporting documents in all instances where the rateable value had changed.

We reviewed the original valuation, VC1 card and any supporting evidence to confirm that the information on the VC1 agreed to the valuation performed. We confirmed that valuation notices were issued to the tenant following a rate revaluation in all cases.

In all cases, a VC1 was prepared detailing the new rateable value and the change, if applicable, is stated on the VC1. For all 30 items in our sample, we confirmed that VC1 was completed prior to entry onto the draft Roll of Change.



Non-Domestic Rates

Objective 2 - All amendments to the Valuation Roll, including new entries, deletions, and appeals are approved and applied by appropriately authorised staff and are evidenced.

Objective 3 - 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 (continued).

Roll of Change

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. 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.

As noted above, for all 30 items in our valuations sample tested, we confirmed that VC1 was completed prior to entry onto the draft Roll of Change.

The draft weekly Rolls of Change, which these amendments are entered onto, are also checked and approved by authorised staff. Our sample of 30 valuations was taken from five draft weekly ROCs from each authority. We confirmed that all Rolls of Change reviewed as part of our testing were approved by both clerical staff and either the Assistant Assessor or Valuer, evidenced by sign off on the ROC cover sheets.



Non-Domestic Rates

Objective 2 - All amendments to the Valuation Roll, including new entries, deletions, and appeals are approved and applied by appropriately authorised staff and are evidenced.

Objective 3 - 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 (continued).

During our sample testing of amendments, we confirmed that a Valuation Notice had been issued following each valuation. In all instances where a revaluation was performed, Valuation Notices were found to have been issued in line with the corresponding entry made in the updated Valuation Roll of Change without exception.

Where an amendment is made that does not result in a revaluation of the rate (name change amendments etc), a memo is issued to the tenant instead of the valuation notice. For two items in our sample, no valuation notice or memo was issued. It was explained that in both cases, the amendment related only to a change of the Proprietors' correspondence address, and that such amendments do not generate a notice.

The appeals reviewed as part of our testing were lodged with the Board within six months of the original valuation with one exception. One appeal reviewed during testing of Dundee properties was not submitted within the required six months. The appeal was submitted in March 2023, however it related to an original valuation issued in 2010. This original valuation related to a specific cable that ran through the property. This cable was subsequently removed, and the appeal was lodged to request that this entry be deleted from the Roll. The appeal resulted in the entry for the cable being removed from the Roll.



Non-Domestic Rates

Objective 4 - All appeal applications are logged on the appeals system and are accepted and checked by appropriately authorised staff.

During discussion with Board staff and review of guidance from the Scottish Assessors Association (SAA) it was noted that the appeals process has undergone significant change since our last review of this area. As on 1 April 2023, all appeals against an entry in a Valuation Roll must be initiated by the submission of a proposal, referred to as a Non-Domestic Proposal. Proposals are made when the value on the Valuation Roll is believed to be incorrect and an alternative value is proposed, or reassessment requested. Should the client not agree with the Board's Proposal Decision, then they can lodge an "Appeal" to First Tier Tribunal.

Proposals can be made via the SAA website or in writing to the Assessor. The proposal must contain an explanation of why the valuation is suspected to be wrong, and how the entry in the Valuation Roll should be changed. Specific grounds for reasoning, and evidence where applicable, must be provided with a statement to support the proposal.

Any appeal submitted prior to April 2023 should continue to undergo the previous appeal process.

As established above, we reviewed the Roll of Change documents for each area in order to select our sample for testing. During our review of the original sample of 30 properties, it was established that there were no proposals attached to the Roll of Change documents reviewed for Dundee and Perth. As such we selected a further sample of proposals from these local authority areas. The Roll of Change documents reviewed for Angus included one proposal which was tested against the proposals process.

During this testing we 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 (where applicable);
- sufficient documents were available to support the appeals and any amended valuation; and
- that the final header sheet (where applicable) agreed with the final valuation as entered on the corresponding Roll of Change.

Dundee Proposals Testing

A sample of three items were selected for the Dundee area. It should be noted that all three reviewed as part of our Dundee testing were lodged before 1 April 2023, and as such were tested against the previous appeals process, applicable to any appeals submitted prior to 1 April 2023, and are referred to as such throughout this section. In all three cases we reviewed the Original Valuation, Original Appeal sent, Appeal Acknowledgment Letter and the Appeal Header for each appeal. One appeal was not submitted within the required 6 months, as described under objective 3. This related to the valuation of a cable in 2010, which was subsequently removed from the property. All three appeals tested had been updated on the Roll of Change.



Objective 4 - All appeal applications are logged on the appeals system and are accepted and checked by appropriately authorised staff (continued).

Perth Proposals Testing

A sample of three items were selected for the Perth area. All three items tested as part of our Perth testing were lodged after 1 April 2023 and were therefore subject to the new proposals process established above. For all three proposals that were sampled, we reviewed the Original Valuation, Original Proposal letter and The Proposal Acknowledgment letter and confirmed these were in place. In all three cases, a VC1 had not been prepared. For two of the samples, the Board had not yet made a decision on the proposal, and so have not prepared a VC1 or amended the Roll of Change as this process is still ongoing.

The proposal for the first sampled proposal was accepted first time, as the submitting tenant provided all required information in the first instance. For the second sampled proposal, the Board had to issue an Incomplete Decision Notice to the client, as they had not provided sufficient supporting documentation. After this notice was issued, the client provided the required information, and the Board issued an Acknowledgement of Proposal Now Complete.

For the third sampled proposal, the client did not submit the required evidence in the first instance, so the Board issued the Incomplete Decision notice. The client did not provide the required evidence in response, so the Board issued an Incomplete Decision Notice, notifying the client that the decision had been made to amend their valuation as the proposal was incomplete.

Angus Proposals Testing

As noted above, there was one proposal attached to the Roll of Change documents reviewed during our main sample testing at Objectives 2 and 3 and as such we tested this one proposal. The Proposal tested as part of our Angus testing was lodged after 1 April 2023 and therefore was subject to the new proposal process.

We reviewed the Original Valuation, the Proposal Letter and Proposal Acknowledgement Letter. The proposal was accepted, and the client was issued a Valuation notice with the updated value. A VC1 was provided, and the Roll of Change was updated. No issues were noted.



Non-Domestic Rates

Objective 5 - Procedures are in place to ensure that staff do not make alterations to any properties on the Roll in which they have an interest.

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.

Objective 6 - Systems access controls are in place which ensure only authorised staff have access to data which impacts the integrity and security of the Valuation Roll.

Our sample testing of 30 VC1 cards included six properties which were deleted from the Valuation Roll. Our sample also included 20 amended valuations (amendments, divided subjects and united subjects) 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. 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.



Aberdeen 45 Queen's Road AB15 4ZN

Dundee The Vision Building, 20 Greenmarket DD1 4QB

Edinburgh Ground Floor, 11-15 Thistle Street EH2 1DF

Glasgow 100 West George Street, G2 1PP

T: 01224 322 100

T: 01382 200 055

T: 0131 226 0200

T: 0141 471 9870

F: 01224 327 911

F: 01382 221 240

F: 0131 220 3269

Henderson Loggie LLP is a limited liability partnership registered in Scotland with registered number SO301630 and is a member of PrimeGlobal, a global association of independent accounting firms, the members of which are separate and independent legal entities. Registered office is: The Vision Building, 20 Greenmarket, Dundee, DD1 4QB. All correspondence signed by an individual is signed for and on behalf of Henderson Loggie LLP. Reference to a 'partner' is to a member of Henderson Loggie LLP. A list of members' names is available for inspection at each of these addresses.



Tayside Valuation Joint Board

Annual Report to the Joint Board and the Assessor on the Provision of Internal Audit Services for 2023/24

Internal Audit report No: 2024/06

Draft issued: 28 May 2024

Final issued: 5 June 2024



Contents

		Page
Section 1	Annual Report and Opinion	1 - 2
Section 2	Reports Submitted	3
Section 3	Summary of Results and Conclusions	4 - 9
Section 4	Time Spent - Budget v Actual	10
Section 5	Operational Plan for 2024/25	11



Annual Report and Opinion

Introduction

- 1.1 We were formally re-appointed in 2022 as internal auditors of Tayside Valuation Joint Board ('the Board') for the period from 1 April 2022 to 31 March 2025. This report summarises the internal audit work performed during 2023/24.
- 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 2022/23 (internal audit report 2023/01, issued in August 2022). The ANA was prepared following discussion with the Assessor, review of the Board's risk register, internal audit reviews conducted in previous years, 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 2022/23 to 2024/25. 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 2023/24 reflected the allocation of days shown in Year 2 of the Audit Needs Assessment and Strategic Plan 2022 to 2025, with no changes made.
- 1.4 The work delivered in 2023/24 followed that set out in the Annual Plan for 2023/24. 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.
- 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 our PSIAS compliance. This is undertaken annually in April.



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

- 1.8 External assessment is built into our firm-wide quality assurance procedures. Henderson Loggie LLP is a member of Prime Global, a global association of independent accountancy firms. Continued membership of Prime Global is dependent on maintaining a high 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 independent review concluded by MHA Macintyre Hudson in June 2019 included our internal audit service. Overall, the review confirmed that the firm’s policies and procedures relating to internal audit were compliant with the PSIAS in all material respects.
- 1.9 In the intervening years between formal external assessment against PSIAS we conduct our own self-assessment annually. The result of our latest self-assessment, conducted in April 2023, confirms that our service is independent of the Board and continues to comply 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 2023/24. All internal audit reports issued during 2023/24 concluded that systems met control objectives and provided satisfactory or good assurance.
- 1.11 During 2023/24 the Board has made good progress in implementing the internal audit recommendations raised in 2022/23, with three of the five recommendations examined classified as fully implemented. The remaining two recommendations will be subject to follow up in the next formal Follow Up Review exercise in the 2024/25 internal audit programme.
- 1.12 There were no instances of fraud identified from the audit work conducted during the year.

Opinion

- 1.13 In our opinion, the Board has adequate and effective arrangements for risk management, control, and governance. 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 2023/24, and in previous years since our initial appointment.



Reports submitted

Number	Title	Overall Grade	Recommendations	Priority 1	Priority 2	Priority 3
2024/01	Annual Plan 2023/24	N/A	N/A	N/A	N/A	N/A
2024/02	Payroll	Satisfactory	2	-	-	2
2024/03	Corporate Governance	Good	-	-	-	-
2024/04	Follow-Up Reviews	N/A	2 out of 5 recommendations still require to be followed up	-	-	2
2024/05	Non-Domestic Rates	Good	1	-	-	1

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.

Recommendation grades are defined as follows:

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.



Summary of Results and Conclusions

2024/01 – Annual Plan 2023/24

Final Issued – July 2023

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 2024. The plan was based on the proposed allocation of audit days for 2023/24, as set out in the Audit Needs Assessment and Strategic Plan 2022 to 2025. The preparation of the Strategic Plan involved dialogue with management and with the Treasurer (via the Assessor).



2024/02 – Payroll

This audit included a high-level review of all key aspects of Payroll, including an examination of payments, authorisations, and changes to payroll data. The audit covered activities undertaken by the Board but not the Dundee City Council systems.

The table opposite notes each separate objective for this review and records the results.

Strengths

- Payroll responsibilities are defined in the Financial Regulations (June 2022).
- The Board has a Service Level Agreement with Dundee City Council for the provision of financial services by DCC to the Board, including payroll and HR services and management information support. The Board also receives regular advice from the HR team at DCC on anything that may affect its payroll, such as changes in legislation.
- The Board uses an integrated HR/payroll system administered by DCC – ResourceLink. The access to the system is restricted to key personnel only.
- The staff members involved in the payroll processes are very experienced and have a detailed understanding of the systems in place. Systems of checks and reconciliations have been established to ensure data accuracy.
- The Administration Manager for Finance and Personnel produces ‘Payroll Checking Sheets’ and ‘Deductions Sheets’ each month which contain detailed information on all pay elements for each staff member. The data on these sheets is checked to every employee’s payslip each month to make sure there are no discrepancies.
- There is an establishment and a detailed staff structure in place. All new posts are appropriately approved.
- Sample testing of starters and leavers confirmed that appropriate paperwork was in place for the sampled employees, they entered and left the ResourceLink system on the correct dates, and the gross pay was calculated correctly in relation to the staff member’s first/last day of service.
- Sample testing of overtime and additional hours payments, as well as travel and subsistence payments, confirmed that appropriate forms were completed in each case and our recalculation of the amounts due agreed to the payments made to the staff members.

Final Issued – November 2023		Overall grade: Satisfactory
The objective of this audit was to obtain reasonable assurance that:	Grade	
1. All new posts are appropriately approved.	Good	
2. Starters and leavers are properly treated and enter and leave the payroll system at the correct dates.	Good	
3. Overtime payments and other variations to pay are properly authorised, processed, and recorded.	Satisfactory	
4. There is robust approval and checking of changes to employee standing data.	Satisfactory	
5. Monitoring information is adequate for identifying incorrect payroll payments and to allow budget holders to manage their budgets effectively.	Good	



2024/02 – Payroll (continued)

Strengths (continued)

- Sample testing of changes to employee standing data verified that appropriate request forms were completed in each case, and that the data entered into the ResourceLink system agreed to the details included in the request forms.
- Sample testing confirmed that payments of net pay made during the current financial year were accurate.

Weaknesses

- Our testing identified that there was no evidence of authorisation in line with the Board's procedures for five out of 10 overtime and additional hours payments sampled, as well as all ten travel and subsistence payments sampled. The 'Overtime Return' forms should be individually signed off by the Assistant Assessors and five of them were not. However, we acknowledge that the Assistant Assessor passes on any completed forms together with their approval to the Administration Manager for Finance and Personnel via e-mail, effectively acting as a form of electronic approval. Although the 10 'Claim for Travelling & Subsistence Expenses' forms sampled were not authorised by the Assessor as required by the Board's procedures, they were signed by the employees' line managers prior to being issued to the Administration Manager for Finance and Personnel for processing through payroll and were checked by both the line managers and the Administration Manager for Finance and Personnel for completeness and accuracy. We note that the Assessor's authorisation also has limited effectiveness as a control due to being applied retrospectively.
- Changes to employee standing data can be made by those staff members with access to the ResourceLink system without further approval or checks. Segregation controls are in place to ensure that there is checking of data entries made by each member of staff with access to the system, however we note that these are not always evidenced. The Board does not receive any variance or exception reports from DCC which could provide an additional control in identifying errors.



2024/03 – Corporate Governance

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

- 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
- Complaints and Whistleblowing procedures

The table opposite notes each separate objective for this review and records the results.

Strengths

- The Board’s corporate governance arrangements are, in all relevant and material respects, in accordance with the best practice as set out in the CIPFA / Solace ‘Delivering Good Governance in Local Government: Framework (2016)’ and accompanying guidance notes for Scottish Authorities.

Weaknesses

- No significant weaknesses were identified during our review.

Final Issued – March 2024

Overall grade: **Good**

The objective of this audit was to obtain reasonable assurance that:	Grade
1. The Board’s corporate governance arrangements are in accordance with applicable 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



Internal Audit Annual Report 2023/24

2024/04 – Follow-Up Reviews

Final Issued – March 2024

As part of the Internal Audit programme for 2023/24 we carried out a follow-up review of the recommendations made in reports issued during 2022/23 that had not already been subject to follow-up.

These were:

- Internal Audit Report 2023/03 – Data Protection / Freedom of Information
- Internal Audit Report 2023/05 – Procurement and Creditors / Purchasing
- Internal Audit Report 2023/06 – Health, Safety and Wellbeing

Reports 2023/01 – ANA and Strategic Plan, 2023/02 - Annual Plan; 2023/04 – Follow Up Reviews; and 2023/07 – Annual Report, did not contain any recommendations and therefore did not require follow up activity.

The objective of each of our follow-up reviews was to assess whether recommendations made in previous reports had been appropriately implemented.

We reported that the Board has made good progress in implementing the previous internal audit recommendations, with three (60%) of the five recommendations examined classified as 'fully implemented'.

One (20%) recommendation was categorised as Partially Implemented. In addition, one (20%) recommendation, to develop and formalise a data protection compliance monitoring procedure and associated audit plan, was categorised as 'little or no progress'. Both recommendations will be subject to follow up in the next formal Follow Up Review exercise in the 2024/25 internal audit programme.

Area	From Original Reports		From Follow-Up Work Performed			
	Rec. Priority	Number Agreed	Fully Implemented	Partially Implemented	Little or No Progress Made	Not Past Agreed Completion Date
2023/03 – Data Protection / Freedom of Information	1	-	-	-	-	-
	2	-	-	-	-	-
	3	2	1	-	1	-
Total		2	1	-	1	-
2023/05 – Procurement and Creditors / Purchasing	1	-	-	-	-	-
	2	1	1	-	-	-
	3	-	-	-	-	-
Total		1	1	-	-	-
2023/06 – Health, Safety and Wellbeing	1	-	-	-	-	-
	2	-	-	-	-	-
	3	2	1	1	-	-
Total		2	1	1	-	-
Grand Total		5	3	1	1	-



2022/05 – Non-Domestic Rates

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.

Strengths

- 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.
- Proposals and appeals 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

- The current procedural document was developed in response to a move to remote working during the COVID-19 pandemic and was last reviewed in 2022. While processes remain unchanged, with the exception of the proposals and appeals process, it would be good practice to review and update this, to reflect any changes.

Final Issued – May 2024		Overall grade: Good
The specific objectives of the review were to seek reasonable assurance that:		
1. There are appropriate procedures in place to ensure that all non-domestic properties are included on the Valuation Roll.		Good
2. All amendments to the Valuation Roll, including new entries, deletions, and appeals are approved and applied by appropriately authorised staff and are evidenced.		Good
3. 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
4. All appeal applications are logged on the appeals system and are accepted and checked by appropriately authorised staff.		Good
5. Procedures are in place to ensure that staff do not make alterations to any properties on the Roll in which they have an interest.		Good
6. Systems access controls are in place which ensure only authorised staff have access to data which impacts the integrity and security of the Valuation Roll.		Good



Time Spent - Actual v Budget 2023/24

	Report number	Planned days	Actual days feed	Days to fee at May 2024	Days to spend / WIP	Variance
Non-Domestic Rates						
Maintenance of the Accuracy of Records Relating to Current Property Values / Valuation and Updating Procedures / Administering Appeals / Control of Input to the Valuation Roll	2024/05	5	-	5	-	-
Staffing Issues						
Payroll	2024/02	4	4	-	-	-
Organisational Issues						
Corporate governance	2024/03	3	3	-	-	-
Other Audit Activities						
Management and Planning)	2024/01	2	1	1	-	-
External audit)						
Attendance at Joint Board)						
Follow Up Reviews	2024/04	1	1	-	-	-
Total		<u>15</u>	<u>9</u>	<u>6</u>	<u>-</u>	<u>-</u>
		=====	=====	=====	=====	=====



Operational Plan for 2024/25

- 5.1 Following our re-appointment as internal auditors for the period from 1 April 2022 to 31 March 2025 we prepared an Audit Needs Assessment and Strategic Plan for 2022 to 2025 (internal audit report 2023/01, which was issued in August 2022).
- 5.2 An extract from the Strategic Plan, in relation to 2024/25 is shown below.

	Category	Priority	Planned 2024/25 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	M	4
Electoral Register			
<i>Maintenance of Accuracy of the Electoral Register</i>	Perf	M	4
Information and IT			
<i>IT Systems Development</i>	Perf	M	4
Other Audit Activities			
<i>Management and Planning)</i>			2
<i>External audit)</i>			
<i>Attendance at audit committees)</i>			
<i>Follow-up reviews</i>		Various	1
<i>Audit Needs Assessment</i>			
Total			15
			=====



Aberdeen 45 Queen's Road AB15 4ZN

Dundee The Vision Building, 20 Greenmarket DD1 4QB

Edinburgh Ground Floor, 11-15 Thistle Street EH2 1DF

Glasgow 100 West George Street, G2 1PP

T: 01224 322 100

T: 01382 200 055

T: 0131 226 0200

T: 0141 471 9870

F: 01224 327 911

F: 01382 221 240

F: 0131 220 3269

Henderson Loggie LLP is a limited liability partnership registered in Scotland with registered number SO301630 and is a member of PrimeGlobal, a global association of independent accounting firms, the members of which are separate and independent legal entities. Registered office is: The Vision Building, 20 Greenmarket, Dundee, DD1 4QB. All correspondence signed by an individual is signed for and on behalf of Henderson Loggie LLP. Reference to a 'partner' is to a member of Henderson Loggie LLP. A list of members' names is available for inspection at each of these addresses.

