



AGENDA ITEM 11

INTERNAL AUDIT DRAFT REPORT

Valuation List - Domestic Properties

Issued To:-

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1. INTRODUCTION

1.1 This report details the findings of the Internal Audit review of the processes for updating the valuation list for domestic properties. The scope and terms of the review were agreed in consultation with the Assessor and Electoral Registration Officer for Central Scotland.

1.2 All domestic dwellings in the Central Scotland Valuation Area are included in the Valuation List. The Assessor places every property in one of eight valuation bands based on the capital value of the property as at April 1991. As at 29 October 2014, there were over 137,000 domestic properties on the Council Tax Valuation List in Central Scotland.

2. SCOPE AND OBJECTIVES

2.1 The scope of the audit was to assess the adequacy and effectiveness of the controls and procedures in place to ensure that the records relating to current domestic property values are up to date and accurate. This includes controls relating to access management of the valuation system and the processing of appeals..

2.2 Internal Audit, in conjunction with Senior Management, identified the key risks relating to the audit. In our opinion there is a strong control environment operating in relation to how the Central Scotland VJB mitigates the risks associated with the updating and amending of the domestic properties on the valuation list. We can provide overall **significant** assurance that risks are being adequately mitigated.

Key Risk	Assurance Assessment
The information in the Valuation List is incorrect with properties either being omitted or given a valuation other than that intended by the Valuer.	Significant
The system being accessed by unauthorised persons, with risk of collusion, fraud and financial loss.	Significant
Appeals and surveys are not dealt with timeously, leading to a delay in resolution and possible financial loss and professional credibility	Significant

3. FINDINGS

3.1 Significant assurance can be provided that the information in the Valuation List is correct. There are up to date procedures in place for scheduling and carrying out surveys, amending the valuation list and processing appeals. Employees consulted during this review were aware of the procedures and clear about their roles and responsibilities.

3.2 There are robust processes in place for ensuring that properties are identified, surveys created, valuations completed and valuation notices issued. This includes a significant checking regime with quality assurance checks carried out by independent officers on the content and accuracy of information contained in surveys and valuations and information input into the valuation system. We confirmed through testing that the checks are taking place.

3.3 Changes to the Valuation List are all notified to Falkirk, Stirling and Clackmannanshire Councils through an encrypted file. The file allows them to produce council tax bills. We reviewed a sample of surveys and can provide assurance that they were included in the Council's encrypted files.

3.4 Significant assurance can be provided that the valuation system is being accessed by authorised persons. Up to date IT Security Policies are in place which includes an IT Systems Acceptable Use Policy (AUP). All members of staff are required to sign the AUP detailing their agreement to comply with the terms and appropriate use of the Board's IT equipment and systems. Through testing we can provide assurance that members of staff have signed the AUP.

3.5 The current system used to create and record surveys and update the valuation list is called the Best Value (BV) system which was developed in house in August 2013. BV Access management is well controlled with high level arrangements defined in a User Account Management Policy. There are a limited number of officers responsible for setting up users with permissions based on job role as advised by a new users' line manager. System users and related access permissions were reviewed and we can provide assurance that they are appropriately authorised, consistent and relevant to the job role.

3.6 We can provide significant assurance that appeals and surveys are dealt with timeously. There are Key Performance indicator targets of 97% of new houses to enter the valuation list within 3 months and 99% to enter the valuation list within 6 months. This results in new house surveys being a priority and performance being monitored against targets and reported regularly to the Management Team and the Board. Management can monitor workflow through the BV System which is routinely utilised to identify backlogs and put measures in place to improve performance.

3.7 Domestic property banding right to appeal is covered by statute, namely The Local Government Finance Act 1992 and The Council Tax (Scotland) Regulations 1993. The right to appeal is publicised in new Council Tax bills, notification of banding changes letter and on the Central Scotland VJB website. There are up to date appeals procedures that clearly define the requirements and timeframes of the appeals process. The key requirements include: issuing an acknowledgement letter to the appellant within 14 days of receipt; ensuring appeal is valid and it has been received within 6 months of the appellant gaining an interest of the property or changes to the banding; any decisions are made in writing and the appellant has 28 days to respond; the appeal should be investigated within 6 months of application and if an appeal cannot be settled it should be submitted to the Valuation Appeal Committee for a decision. We reviewed a sample of appeals and can give assurance that the appeals were dealt with in line with legislation and in a timely manner.

3.8 The contents of this report have been discussed with relevant officers to confirm factual accuracy. The co-operation and assistance we received during the course of our audit is gratefully acknowledged.

4. MANAGEMENT ACTION

4.1 A robust control environment was identified during this review and as a result no findings have been reported and no further management action is required.

Assurance	Definitions
Significant Assurance	There is an adequate and effective system of risk management, control and governance to address risks to the achievement of objectives. Some improvements in a few, relatively minor, areas may be required.
Reasonable Assurance	Business objectives are likely to be achieved. However, improvements are required to enhance the adequacy/ effectiveness of risk management, control and governance.
Limited Assurance	There is considerable risk that the system will fail to meet its objectives. Significant improvements are required to improve the adequacy and effectiveness of risk management, control and governance.
No Assurance	The systems for risk, control, and governance are ineffectively designed and operated. Objectives are not being achieved and the risk of serious error or abuse is unacceptable. Significant improvements are required.

The priorities relating to Internal Audit recommendations are defined as follows:

Priority 1 recommendations are significant matters relating to factors critical to the success of the organisation. The weakness may also give rise to material loss or error or seriously impact on the reputation of the organisation and require urgent attention.

Priority 2 recommendations relate to important issues and may also give rise to material financial loss or error.

Priority 3 recommendations are usually matters that can be corrected through line management action or improvements to the efficiency and effectiveness of controls.

Priority 4 recommendations these are recommendations that improve the efficiency and effectiveness of controls. The weaknesses highlighted do not affect the ability of the controls to meet their objectives in any significant way.