

**INTERNAL AUDIT
ANNUAL REPORT
CENTRAL SCOTLAND VALUATION JOINT BOARD
APRIL 2009 TO MARCH 2010**

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1. INTRODUCTION

- 1.1 The purpose of this report is to provide an independent assurance statement on the effectiveness of the financial and non financial internal controls operating within Central Scotland Valuation Joint Board in the period April 2009 to March 2010.
- 1.2 The provision of an Annual Report by the Senior Auditor is required under the Board's Financial Regulations and by CIPFA Code of Practice for Internal Audit in Local Government within the United Kingdom ("CIPFA Code of Practice"). The Code defines the principles under which Local Authority Internal Audit sections should adhere.
- 1.3 In addition, the Board is required to make a Statement on the System of Internal Financial Control to be included within the Annual Accounts. This Annual Report forms part of the process, on which the Treasurer relies, to sign off the Statement on the System of Internal Financial Control.
- 1.4 This Annual Report also includes an overview of the work undertaken by Internal Audit in 2009-10, on which the assurance statement is based.

2. AUDIT OPINION AND ASSURANCE STATEMENT

Responsibilities for Internal Control

- 2.1 It is the responsibility of the Board's senior management to establish an appropriate and sound system of internal control and to monitor the continuing effectiveness of that system.
- 2.2 Any system of control can only ever provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud, or breaches of laws or regulations. Accordingly, the Board is continually seeking to improve the effectiveness of its systems of internal control.
- 2.3 Internal control is defined as "the whole system of checks and controls, financial or otherwise, established by management in order to provide reasonable assurance" regarding the achievement of one or more of the following:
- the economic and efficient use of resources,
 - the accomplishment of established objectives and goals for operations or plans,
 - compliance with policies, plans, procedures, laws, regulations and contracts,
 - the reliability and integrity of information.
- 2.4 The main objectives of the Board's internal control systems are:
- To ensure adherence to management policies and directives in order to achieve the organisation's objectives,
 - To safeguard assets,
 - To ensure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records,
 - To ensure compliance with statutory requirements.

Internal Audit Annual Plan and Risk Assessment

- 2.5 To form an opinion on the Board's control environment, Internal Audit prepares an Annual Plan which incorporates the audit(s) to be completed during the financial year. The audit(s) in this plan are selected with a view to determining whether the risks facing the key corporate and service objectives are being adequately managed and financial and non financial controls are operating.
- 2.6 In determining and assessing the risks facing the Board and services, different sources are relied on, including :-
- Corporate and Service Risk Registers,
 - Performance Indicators,
 - Reports issued by the Board's external auditors, Grant Thornton and other public sector agencies.
- 2.7 Each audit is undertaken on a risk basis and the testing undertaken is focused on the main risks being faced.

2. AUDIT OPINION AND ASSURANCE STATEMENT cont.

Basis of Assurance

- 2.8 In forming my opinion on the Board's control environment, I have relied on different sources, including:
- The audit work undertaken by Internal Audit during the year to 31 March 2010,
 - Progress made by management in the implementation of Internal Audit recommendations,
 - The assessment of risk completed during the preparation of the Annual Plan,
 - Reports issued by the Board's external auditors, Grant Thornton and other review agencies,
 - High level review of the adequacy and effectiveness of the Board's internal control as they relate to governance, risk management and performance monitoring arrangements.
- 2.9 It is my opinion, that reasonable assurance can be placed upon the adequacy and effectiveness of the Board's internal control system in the year to 31 March 2010.

S Mackay

27 May 2010

Senior Auditor

Date

3. OVERVIEW OF 2009-10

- 3.1 Internal Audit reviewed the existing controls in place within the governance arrangements of the Central Scotland Valuation Joint Board. A total of 4 auditor weeks were included within the Annual Plan.
- 3.2 The audit has been completed and the report has been issued in final.
- 3.3 Details of internal audit activity undertaken during 2009-10 is summarised in Appendix A.
- 3.4 It should be noted that Internal Audit were able to provide reasonable assurance on the specific control environments.

APPENDIX A - INTERNAL AUDITS COMPLETED IN 2009-10

Audit	Service	Report	Significant Assurance	Reasonable Assurance	Limited Assurance	No Assurance
Governance	Valuation Joint Board	Final issued	-	✓	-	-