

# **GOVERNANCE CENTRAL SCOTLAND VALUATION JOINT BOARD**

**Issued To:-**

<b>Brian Byrne</b>	<b>Assessor</b>
<b>Shona Barton</b>	<b>Clerk to the Board</b>

<b>Annual Plan</b>	<b>2009-10</b>
<b>Date Report Issued</b>	<b>May 2010</b>

**Carried out by Clackmannanshire Council Internal Audit**

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## 1. INTRODUCTION

- 1.1 This report details the recommendations arising from the Internal Audit review. Internal Audit reviewed the existing controls in place within the governance arrangements of the Central Scotland Valuation Joint Board.
- 1.2 Responsibility for a sound internal control environment rests with management. The role of Internal Audit is to ensure that such controls exist and are being adhered to at all times. The audit work undertaken is designed so that material irregularity has a reasonable probability of being uncovered; however, collusive fraud can override even sound control systems.
- 1.3 The matters raised in this report are only those which came to the attention of the Senior Auditor during the course of the Internal Audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made.

## 2. SCOPE AND OBJECTIVES

- 2.1 The scope of the audit included review of the existing controls in place within the governance arrangements of the Valuation Joint Board, to manage the risks affecting this area. The scope did not: include review of the appropriateness of the corporate or strategic objectives or policy; undertake scrutiny and assess performance against targets; verify the accuracy of the performance measures reported; assess individual Officer/Member capabilities or the allocation/delegation of specific responsibilities.
- 2.2 The objective of the audit is to provide assurance on the controls within the governance arrangements of the Valuation Joint Board. Seven key controls were identified and tested and the adequacy of the internal controls was established. These internal controls can only provide reasonable and not absolute assurance against misstatement or loss. A definition of the assurance assessments is provided in Appendix A. The key controls and assessments are as follows:

<b>Key Control</b>	<b>Assurance Assessment</b>	<b>Number of Recommendations</b>
The Valuation Joint Board has a formal corporate strategy with clear objectives and related performance measures, which has been approved.	Reasonable	1
Performance measures are prepared and routinely reported to those individuals tasked with governance.	Reasonable	1
Implementation of the strategy is communicated through approved co-ordinated policy and procedure.	Reasonable	3

Employee and Board member authority, responsibility and accountability in implementing corporate strategy and policy are clearly defined, with formal governance in place.	Reasonable	2
Guidance of the standards of conduct and behaviour for employee and board members is provided.	Reasonable	1
Training is available for professional and personal development for employees and members.	Reasonable	1
Management and board members are aware of their responsibilities in relation to the management of internal control and risk.	Reasonable	3

### 3. SYSTEM OVERVIEW AND AUDIT OPINION

3.1 There are reasonable controls in place in relation to the governance arrangements of the Valuation Joint Board. The Valuation Joint Board has a corporate strategy which is supported by performance measures. Competencies have been completed for all staff.

3.2 From the testing undertaken, the following strengths were identified:

- The Valuation Joint Board Business Plan is available to officers and members.
- Performance measures are reported annually in a Best Value Report.
- There is a Management Team comprising of the Assessor and senior officials who meet monthly and review performance reports regularly throughout the year.
- Performance targets are set annually and approved by the Valuation Joint Board.
- There is a corporate database of the Valuation Joint Board policies which staff can access.
- All staff have job descriptions.
- Staff are aware of the Code of Conduct.
- Councillors have job descriptions and have signed up to the Code of Conduct.
- All meetings are quorate.
- All Councillors sign Declarations of Interest.
- Annual competencies have been completed for all staff which incorporates training programmes and work plans for the year. Staff appraisals are to be introduced.

3.3 From the testing undertaken, the following key areas for improvement were identified.

- The Service Plan requires to be updated and approved by the Valuation Joint Board.
- Standing Orders, Financial Regulations and Contract Standing Orders should be updated to reflect revised Clackmannanshire Council policies.

#### 4. RECOMMENDATIONS

- 4.1 A summary of the recommendations raised from this audit is included in a Management Action Plan in Appendix B. Management comments, the date for implementation and Responsible Officer have been identified within the Action Plan.
- 4.2 The Management Action Plan contains the following priority of recommendations. Definitions for the priority assessments are provided in Appendix B.

<b>Priority Assessments</b>	<b>Number</b>
Priority 1	-
Priority 2	3
Priority 3	9
Priority 4	-

#### 5. HISTORY OF THE AUDIT REPORT

- 5.1 The table below sets out the history of this report.

Issue of Draft Report	22 March 2010
Issue of Revised Draft Report	28 April 2010
Receipt of Management Comments	13 May 2010
Issue of Final Report	17 May 2010

## Assurance Assessments

<b>Assurance</b>	<b>Definitions</b>
Significant Assurance	There are sound controls operating within the system and these are complied with and adhered to consistently.
Reasonable Assurance	There are controls operating within the system, however adherence does not always occur and the control environment could be further improved.
Limited Assurance	There are minimal controls operating within the system and the control environment requires to be improved.
No Assurance	There are no controls operating within the system or no reliance can be placed on the controls and a control environment must be established.

MANAGEMENT ACTION PLAN

Ref	Finding	Risk Implication	Recommendation	Priority	Comments	Responsible Officer	Target Date
Control Objective 1							
6.1	The Valuation Joint Board Service Plan has not been reviewed and updated.	The corporate direction of the Board is unclear.	The Service Plan requires to be updated and presented to the Valuation Joint Board for approval. The new format for the Clackmannanshire Council Corporate Plan with KPIs and an action plan, could be considered an appropriate template.	2	Agreed, the Service Plan has now been updated and will be presented to the VJB in June 2010.	Assessor	30 June 2010
Control Objective 2							
6.2	Performance measures are reported annually in a Best Value Report.	Performance measures do not provide useful, timely information to the Valuation Joint Board.	Reporting performance measures on a mid-year basis should be considered.	3	Agreed, performance is currently reported to the Assessor and management team 6 weekly. This will be reported to the Valuation Joint Board on a 6 monthly basis.	Assessor	30 June 2010
Control Objective 3							
6.3	Standing Orders, Financial Regulations and Contract Standing Orders have not been reviewed and updated.	Policies are out of date.	Standing Orders, Financial Regulations and Contract Standing Orders should be updated to reflect revised Clackmannanshire Council policies.	2	Agreed, these were previously reviewed in November 2006 and approved by the Board. New regulations will be presented to the Valuation Joint Board after being reviewed.	Clerk to the Board	31 March 2011

1	There is a fundamental absence of control(s) which should be addressed immediately.
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2	There is an absence of control(s) which should be addressed at the earliest opportunity.
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3	There is an immaterial breakdown in control(s) which should be addressed as soon as practically possible.
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4	A matter for consideration which is a point of good practice or could improve the effectiveness of the arrangements.
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Ref	Finding	Risk Implication	Recommendation	Priority	Comments	Responsible Officer	Target Date
6.4	There is no formal review timetable of key policies that require to be reported to the Valuation Joint Board.	Policies are out of date.	A formal review timetable should be defined.	3	Agreed. Key policies will be reviewed every two years unless circumstances dictate sooner.	Assessor	31 December 2010
6.5	There is a database of policies on the Valuation Joint Board intranet; however, the Standing Orders, Financial Regulations and Contract Standing Orders are not included in this.	Officers do not know the current policies.	Standing Orders, Financial Regulations and Contract Standing Orders should be posted on the Valuation Joint Board intranet.	3	Agreed.	Clerk to the Board	31 December 2010
Control Objective 4							
6.6	All staff hold job descriptions; however, many of these have not been reviewed recently.	Officers are unaware of their responsibilities.	There should be periodic reviews of job descriptions.	3	Agreed, all reviewed in 2005. Will be reconsidered after single status.	Assessor	31 March 2011
6.7	There were unexplained absences of members from Valuation Joint Board meetings.	Members not fulfilling their responsibilities to the Board.	Non-attendance should be monitored and appropriate action taken.	3	Agreed.	Clerk to the Board	30 September 2010
Control Objective 5							
6.8	Declarations of interest are not made by staff.	The independence of staff is compromised.	Staff should be asked to sign an annual Declaration of Interests.	3	Agreed	Assessor	30 September 2010
Control Objective 6							

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Ref	Finding	Risk Implication	Recommendation	Priority	Comments	Responsible Officer	Target Date
6.9	There are no reviews of any training or development needs of the members of the Valuation Joint Board.	Members do not have the knowledge and skills to perform their duties as Board Members of the Valuation Joint Board.	Formal appraisals should be undertaken annually for members. Any training needs identified as members of the Valuation Joint Board should be then addressed.	3	Agreed	Clerk to the Board	31 December 2010
Control Objective 7							
6.10	There is no annual statement on internal control submitted to the Valuation Joint Board.	There is no annual assessment of internal control. Members are unaware of potentially damaging internal control weaknesses.	An annual statement on internal control should be submitted to the Valuation Joint Board. Clackmannanshire Internal Audit can undertake this.	2	Agreed	Assessor	30 June 2010
6.11	The Risk Strategy has not been presented to members of the Valuation Joint Board.	Members are unaware of their responsibilities for risk.	A briefing should be given to members on the Risk Strategy.	3	Agreed, the Risk Strategy will be presented annually to the Valuation Joint Board with regular updates on risks included in all meetings.	Assessor	30 September 2010
6.12	There are no routine reports presented to the Valuation Joint Board on the monitoring of risk and internal control.	Members are unaware of the commitment of the Valuation Joint Board to the principles of sound governance and good management.	The Valuation Joint Board should consider undertaking an Annual Governance Statement.	3	Agreed	Assessor	31 March 2011

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