

Agenda Item 3

Minute

Draft

Minute of Meeting of the Central Scotland Valuation Joint Board held remotely on Friday 25 September 2020 at 9.30 a.m.

Councillors: David Alexander
David Balfour (Convener)

Kenneth Earle
Danny Gibson
David Grant
Craig Holden
Jeremy McDonald
Alan Nimmo
Jim Thompson

Officers: Karen Chambers, Assistant to the Clerk
Elizabeth Hutcheon, Assistant Treasurer
Lynne Pevin, Assistant to the Treasurer
Gordon O'Connor, Internal Audit Manager
Lindsay Sim, Treasurer
Pete Wildman, Assessor and Electoral Registration Officer

Also attending: Emma-Rose Mackie, Audit Scotland
Tom Reid, Audit Scotland

VJB9. Apologies

Apologies were intimated on behalf of Councillors Coombes, Dodds and Spears.

VJB10. Declarations of Interest

No declarations were made.

VJB11. Minute

The minute of the special meeting held on 14 August 2020 was approved.

Councillor Alexander stated that he had intended to join the meeting but had technical issues which prevented him from doing so and asked that his apologies be noted.

VJB12. Annual Report to those charged with Governance and the Controller of Audit for Financial Year ended 2019/20

The Board considered a report by the Treasurer which set out the findings arising from the work carried out by the External Auditors on the Audit of the 2019/20 Financial Statements.

Appendix 1 of this report contained a covering letter from the Auditor and the Independent Auditors Report. This set out the basis of the Audit work and the Audit opinion. Also contained within Appendix 1 is the draft Letter of Representation (ISA 580) to the Auditor which the Board was required to prepare confirming the representations that had been made in connection with the Audit of the Boards annual accounts for the year ended 31 March 2020. On approval, this letter would be signed by the Boards Treasurer.

The 2019/20 Annual Audit Report was appended to the report and set out the significant findings from the 2019/20 Audit of the Boards Annual Accounts (Exhibit 2). The report covered the scope of the Audit as set out in the Annual Audit Plan presented to the Board in March 2020 which included consideration of the Financial Sustainability of the Board.

Appendix 1 of the Annual Audit Report also set out recommendations and provided an action plan which had been agreed with Treasurer and the Assessor. Contained within the action plan was also an update on progress on recommendations brought forward from 2018/19.

Decision

The Board:

- 1. noted the content of the Independent Auditor's Report;**
- 2. approved the content of the Letter of Representation (ISA 580);**
- 3. noted the significant audit finding within Exhibit 2 of the Internal Audit Report; and**
- 4. noted the recommendations for improvement and the follow up on prior year recommendations within Appendix 1 of the Annual Audit Report.**

VJB13. Final Financial Statements as at 31 March 2020

The Board considered a report by the Treasurer presenting the Audited Accounts as at 31 March 2020.

The Audit of the Accounts was required to be completed and the final accounts approved by the Board for signature by the 30 September 2020. In considering the final accounts, the Board were required to have regard to the reports provided by the External Auditor and supporting papers.

The main financial statements comprised of:

- Comprehensive Income and Expenditure Account
- Movement in Reserves Statement
- Balance Sheet
- Cash Flow Statement

The deficit on the provision of services reported in the Comprehensive Income and Expenditure Account was (£457k). However, this included £385k of accounting adjustments which required to be reversed out in the Movement in Reserves Statement which resulted in a net decrease in reserves of £72k. This decrease in reserves reflected the utilisation of committed reserves approved by the Board in the 2019/20 Budget.

The useable surplus brought forward from the previous year was £471k. After applying the usable reserves deficit in the year of £72k, per above, the surplus carried forward to future years is £399k. This balance of £399k has been retained as a surplus attributable to the constituent authorities in usable reserves. From this surplus the Board approved the earmarking of £256k for specific projects as part of the 2020/21 budget setting process. The balance of un-earmarked reserves is therefore £143k.

The Board's reserves strategy stipulated that it should retain uncommitted reserves at a minimum level between 3% and 6% of net expenditure, which as at March 2020 would translate to a figure between £88k and £176k. The reserves position was therefore £55k in excess of the minimum reserve figure at 4.9%.

The Valuation Joint Board had a deficit, utilising £72k of earmarked reserves, which when added to the previous year's useable reserve balance of £471k, results in a net surplus of £399k now being held.

Decision

The Board noted the 2019/20 Statement of Accounts and agreed to their submission to the controller of Audit.

VJB14. Revenue Budget 20/21 – Review as at 31 August 2020

The Board considered a report by the Treasurer advising the Joint Board of the forecast outturn for the financial year ending 31 March 2021.

The budget for the financial year 2020/21 was £2.938 million. The projected outturn against the budget showed a variance underspend of £0.183m.

During the budget setting process, earmark reserves included: funding to support the 2020/21 budget shortfall of £0.127m, Barclays Underspend from 19/20 of £0.007m which may be requested to be returned to the Scottish Government and Property Maintenance Fund of £0.122m.

It was confirmed that the £0.007m Barclays underspend from 19/20 was not required to be returned to the Scottish Government. However, it was thought prudent that this amount continue to be earmarked to offset future Barclay spend.

Decision

The Board noted the financial projection for the year to 31 March 2021.

VJB15. Internal Audit Annual Assurance Report 2019/20

The Board considered a report by the Internal Audit Manager presenting the Annual Assurance Report for 2019/20.

Based on work undertaken, Internal Audit was able to provide Substantial Assurance on the adequacy of the Board's arrangements for risk management, governance, and control for the year to 31 March 2020.

In providing that opinion, Internal Audit had taken account of the findings arising from reviews of:-

- Data Protection Arrangements;
- Payroll; and
- Input to the Annual Governance Statement of Assurance Questionnaire process.

Decision

The Board noted that Internal Audit was able to provide Substantial Assurance in respect of the Board's arrangements for risk management, governance, and control for the year to 31 March 2020.

Councillor Patrick joined the meeting at this point.

VJB16. Internal Audit Plan 2020/21

The Board considered a report by the Internal Audit Manager presenting the Internal Audit Plan for 2020/21

This report provided details of the development of the 2020/21 Internal Audit Plan, summarised planned work, and set out the mechanism for reporting on findings arising from that work.

The Plan must also be considered within the context of the impact of the COVID-19 pandemic. Priorities, resource, and capacity will fluctuate and change over the course of 2020/21, and so this Plan should be considered indicative and flexible.

It was intended that the focus of Internal Audit's work during 2020/21 would be on:

Valuation Process: Internal Audit will review the process for ensuring that, on receipt of relevant information (e.g. a Planning or Building Warrant), a survey was created on the core system to assess whether there was any impact on the Rateable Value (RV) or Council Tax (CT) Band, or if a new entry needed to be created. They would check whether the survey was subsequently cancelled if there was no impact on RV or CT Band, or that it was monitored and updated as work progressed, then completed once the work was finished.

The focus would be on verifying whether all information relating to potential changes was recorded, that decisions were documented, and that procedures were being followed. Finally, they would review how access to the system was controlled, to ensure that only valid changes were made to data.

Governance: Internal Audit would review and challenge the conclusions reached by the Assessor in his completion of the Annual Governance Statement Assurance Questionnaire.

Time would, as normal, be allocated to the provision of ad hoc consultancy and advice. This would allow Internal Audit to provide advice on guidance and controls and input to short term assignments requested by the Assessor.

Decision

The Board agreed the planned Internal Audit coverage for 2020/21.

VJB17. Electoral Registration Update

The Board considered a report by the Assessor which provided details onto the Electoral Registration work that has been carried out since March 2020.

Decision

The Board noted the report.

VJB18. Divisional Assessors (Acting)

The Board considered a report by the Assessor seeking delegated authority to extend the acting up period in relation to two Divisional Valuers who are acting as Divisional Assessors to cover the vacant Assistant Assessor post. The acting up period expires on 3 November 2020 and it is proposed that the acting up period be extended to allow the review of options for the Assistant Assessor to conclude.

Decision

The Board delegated the power to the Assessor to extend the acting up period to a date no later than 31 March 2021.