



## **AGENDA ITEM 5**

### **CENTRAL SCOTLAND VALUATION JOINT BOARD**

**Subject: INTERNAL AUDIT ANNUAL REPORT**  
**Meeting: CENTRAL SCOTLAND VALUATION JOINT BOARD**  
**Date: 21st JUNE 2013**  
**Author: INTERNAL AUDIT**

#### **1. INTRODUCTION**

- 1.1 The purpose of this report is to present to the Joint Board the annual Internal Audit opinion on the Board's internal control environment.

#### **2. BACKGROUND**

- 2.1 Clackmannanshire Council's Internal Audit function provide Internal Audit services on behalf of the Assessor and the Valuation Joint Board.
- 2.2 An annual opinion is required by Performance Standard 2450 of the Public Sector Internal Audit Standards (PSIAS). In line with best practice the report will be used by the Board to inform its Annual Governance Statement.

#### **3. RECOMMENDATION**

- 3.1 **The Joint Board is asked to note the contents of this report.**

Iain Burns

Internal Audit and Fraud Team Leader, Clackmannanshire Council

#### ***LIST OF BACKGROUND PAPERS***

1. Internal Audit Annual Report



**INTERNAL AUDIT**

**ANNUAL REPORT**

**APRIL 2012 TO MARCH 2013**

<b>INDEX</b>	<b>Page</b>
1. INTRODUCTION	2
2. AUDIT OPINION	3
3. OVERVIEW OF 2012/13	4
4. QUALITY ASSURANCE	4

## **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 2012 to March 2013.
- 1.2 Clackmannanshire Council's Internal Audit function provide Internal Audit services on behalf of the Assessor and the Valuation Joint Board. The provision of an Annual Report by the Internal Audit and Fraud Team Leader is required by Performance Standard 2450 of the Public Sector Internal Audit Standards (PSIAS).
- 1.3 It is the responsibility of senior management to establish an appropriate and sound system of internal control and to monitor the continuing effectiveness of that system. PSIAS requires that the annual internal audit opinion must conclude on the overall effectiveness of the organisation's framework of governance, risk management and control in a report that incorporates;
- The opinion;
  - A summary of the work that supports the opinion; and
  - A statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.
- 1.4 This report has been prepared in line with the above requirements.

## 2. AUDIT OPINION

- 2.1 To form an opinion on the Board's control environment, Internal Audit prepares an Annual Plan which incorporates the audits to be completed during the financial year. The audits 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.

### **Basis of Assurance**

- 2.2 In forming my opinion on the Board's control environment, I have relied on different sources, including:
- The audit work undertaken by the Internal Audit and Fraud Team during the year to 31 March 2013,
  - Progress made by management in the implementation of Internal Audit recommendations,
  - Reports issued by the Council's external auditors, Deloitte LLP and other review agencies,
  - The Annual Governance Statement assurance process.
- 2.5 On this basis I am able to provide **significant** assurance upon the adequacy and effectiveness of Central Scotland Valuation Joint Board's framework of governance, risk management and control in the year to 31 March 2013.

Iain Burns

21 June 2013

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**Internal Audit and Fraud Team  
Leader,  
Clackmannanshire Council**

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**Date**

### **3. OVERVIEW OF 2012-13**

- 3.1 Internal Audit and Fraud's Annual Plan for 2012/13 was approved by the Board on 16 November 2012. The Plan comprised 1 assurance audit (Valuation Roll- Non Domestic Properties) together with time allocated for follow up work and input into the Annual Governance Statement (AGS) assurance process for the 2012/13 accounts. A total of 5 weeks were included within the Annual Plan.

#### **Assurance**

- 3.2 Within the Annual Audit Plan for 2012-13 a review of the Valuation Roll- Valuation of Non Domestic Properties was scheduled. Internal Audit reviewed the adequacy and effectiveness of the controls and procedures in place to ensure that the records relating to current property (non-domestic) 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.
- 3.3 Internal Audit provided a significant level of assurance. In our opinion there is a strong control environment operating in relation to the Valuation Roll – Non Domestic Properties. This includes clear segregation of duties; appropriate supervisory and managerial authorisation checks; detailed procedural guidance and effective system access controls.

#### **Governance**

- 3.4 The Internal Audit and Fraud Team have contributed to the Annual Governance Statement assurance process through reviewing Governance arrangements. This included reviewing and challenging evidence provided by the Board in support of the assurance statements.

### **4. QUALITY ASSURANCE**

- 4.1 All Local Authority Internal Audit teams are required to operate in accordance with the Public Sector Internal Audit Standards (PSIAS). The PSIAS formalise standards to be achieved in relation to, for example, independence, staffing and training, audit strategy and planning, reporting and performance and quality and effectiveness.

- 4.2 The team will undertake a self assessment against the standards during 2013/14 with the aim of identifying any development work required to move the service towards compliance. Some early areas for development have already been identified including re-designing the audit process including moving to an electronic audit package. This should ensure that individual audit reviews will focus more clearly on the key risks associated with the area under review. As a result working papers and the format of our reports will be reviewed and revised to accommodate these changes. We will also review and update as required the audit universe to ensure that all potential auditable areas are captured.
- 4.3 External Audit have indicated that they will undertake a formal review of the Internal Audit service against the standards as part of their 2013/14 work.