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**REPORT TO: GRAMPIAN VALUATION JOINT BOARD ON 26 AUGUST 2022**

**SUBJECT: INTERNAL AUDIT ANNUAL REPORT 2021/22**

**BY: THE TREASURER**

**1. REASON FOR REPORT**

- 1.1 This report advises the Board of the internal audit work completed on the Assessor's Service for the financial year ended 31st March 2022, and provides an opinion on the adequacy of the control systems reviewed.

**2. RECOMMENDATION**

- 2.1 That the Board considers this report for 2021/22 and notes the satisfactory audit opinion derived from the audit work completed.**

**3. BACKGROUND**

- 3.1 In terms of the Public Sector Internal Audit Standards (PSIAS) applicable to Local Government, it is good practice to develop an internal audit plan for each financial year. The plan is agreed with senior management and is presented to the Board to enable it to consider and comment on the proposed audit coverage. The planned work for 2021/22 as reported to the meeting of the Board in February has been completed and informs the internal audit opinion.
- 3.2 As the Board will be aware, the main financial systems of the Assessor's Service replicate those of the Moray Council, hence audit assurances provided in terms of the controls within the Council systems can be relied upon as being applicable to financial systems relating to the Service. There remains a need, however, to test transactions specific to the Assessor's Service annually to provide the Treasurer with an opinion on the adequacy and effectiveness of the internal control systems and procedures. This work includes confirming the administrative processes for reporting revisions to the council tax and non domestic rating lists by the Assessor to the constituent Authorities.
- 3.3 All planned audit coverage detailed within the report to the Board on the 4<sup>th</sup> of February 2022 has been undertaken. Audit testing reviewed budget setting and monitoring, payroll costs which utilise a major element of the budget, non payroll expenditure covering issues including office rentals and ICT costs, and assessment of income received.
- 3.4 The audit found from the testing undertaken that systems and procedures

were generally operating well. However, a sample checked of payments made identified that input Value Added Tax (VAT) had not been claimed on purchasing card transactions. Purchasing cards are only used by senior management of the Assessor service and the total gross amount of payments made by purchasing cards in 2021/22 amounted to £14,835, however not all transactions include VAT. The issue has arisen due to a lack of clarity on required documentation to be submitted for VAT accounting, given remote working and pandemic restrictions. The process has now been clarified and the necessary documentation will be provided to enable retrospective VAT adjustments to be credited to the Valuation Board in 2022/23. An Action Plan detailing this recommendation is attached in Appendix 1. It should be noted that the majority of purchases are made by order and invoice and follow a different process to that of purchasing card transactions, and therefore remain unaffected.

- 3.5 The Board's Code of Corporate Governance requires the identification and prioritisation of risks to the organisation's aims and objectives. These risks are detailed within a register and are subject to ongoing review with reports submitted to the Board annually or more frequently if there is a significant change to the risk profile. I am pleased to report the Risk Register is subject to ongoing review by the Assessor and his Senior Management Team. The latest version was prepared in April 2022 and was due to be reported to the Board on the 17<sup>th</sup> June 2022. However due to the cancellation of the scheduled meeting, the report is now included in the agenda for this Board meeting on 26<sup>th</sup> August 2022.
- 3.6 The audit opinion informs the Annual Governance Statement which is certified by the Board's Convener and the Assessor and is published within the Board's annual accounts.
- 3.7 The audit was carried out in accordance with Public Sector Internal Audit Standards (PSIAS).

#### 4. CONSULTATIONS

- 4.1 The Assessor has been consulted during the audit review process.

#### 5. CONCLUSION

- 5.1 The Audit and Risk Manager is of the opinion, based on audit work completed, that reasonable assurance can be placed on the adequacy of and effectiveness of the system of internal financial control established within the Assessor's Service.**

Author of Report: Dafydd Lewis, Audit and Risk Manager  
Background Papers: Internal Audit files  
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