

Renfrewshire Valuation Joint Board

Report to Members and the Controller of Audit on the 2008/09
Audit

October 2009



 AUDIT SCOTLAND

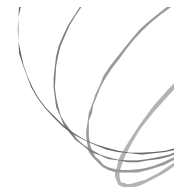


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Key Messages

In 2008/09, we audited the financial statements and looked at aspects of governance within the Renfrewshire Valuation Joint Board. This report sets out our main findings.

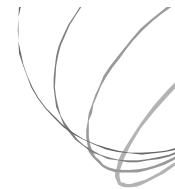
Overall, we found the financial stewardship of the Renfrewshire Valuation Joint Board (RVJB) during the year to be satisfactory. The main conclusions and outcomes from the audit are highlighted below:

- An unqualified opinion has been issued on the financial statements for 2008/09.
- Final accounts preparation procedures and working papers were of a good standard and this enabled the audit to progress smoothly.
- The RVJB has a sound corporate governance framework.

Renfrewshire Council provide internal audit services to the RVJB. The Statement on the System of Internal Financial Control for the year 2008/09, signed by the Treasurer and Director of the RVJB, concluded that the RVJB has in place a sound system of internal financial control with no identified material weaknesses. Our audit work resulted in findings consistent with that opinion.

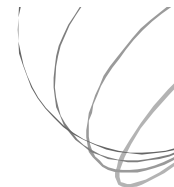


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Introduction

1. The members and officers of the RVJB are responsible for the management and governance of the organisation. As external auditors, we review and report on the arrangements in place and seek to gain assurance that:
 - The financial statements have been prepared in accordance with statutory requirements and that proper accounting practices have been observed.
 - The RVJB's system of recording and processing transactions provides an adequate basis for the preparation of the financial statements and the effective management of assets and interests.
 - The RVJB has adequate corporate governance arrangements which reflect the three fundamental principles of openness, integrity and accountability.
 - The systems of internal control provide an appropriate means of preventing or detecting material mis-statement, error, fraud or corruption.
 - The RVJB has proper arrangements for securing best value in its use of resources.
2. This report summarises the most significant issues arising from our work during 2008/09.



Financial statements

3. In this section we summarise key outcomes from our audit of the RVJB's financial statements for 2008/09.

Auditor's report

4. We have given an unqualified opinion on the financial statements of the Renfrewshire Valuation Joint Board for 2008/09, concluding that the financial statements:
 - give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2008 SORP, of the financial position of the joint board as at 31 March 2009 and its income and expenditure for the year then ended
 - have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

Financial position

5. The RVJB's balance sheet as at 31 March 2009 reflected net liabilities of £0.575 million, a decrease of £1.334 million over the previous year. The reason for this decrease is primarily stock market valuations of pension fund investments which are currently subject to severe fluctuations. As disclosed in the accounts, the actuarial assessment of the joint committee's pension liabilities is a snap shot view as at 31 March 2009. Although the value of assets underpinning pension liabilities is heavily dependant on stock market valuations which are currently subject to severe fluctuations, the appointed actuaries believe that as 2009/10 funding has already been approved by member councils, it is reasonable that the accounts are prepared on a going concern basis. Operationally, before adjusting for FRS 17 pension cost adjustments, the RVJB generated a surplus of £0.089 million over the year compared to a budgeted deficit of £0.037 million. The primary factors affecting this improvement in net revenue costs were an under spend on staff costs and payments to other bodies, offset by over spends of supplies and services. Cumulative revenue reserves due to member councils as at 31 March 2009 totalled £0.255 million of which £0.239 million was unallocated.

Account preparation and submission

6. RVJB's financial statements were submitted to the Controller of Audit by the deadline of 30 June. Final accounts preparation procedures and working papers were generally of a good standard. Only minor changes associated with incorrect accounting for accruals were required to the financial statements presented for audit. Local authorities and joint boards in Scotland are required to follow the Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of



Recommended Practice (the 'SORP'). The financial statements of the RVJB comply with the provisions of the SORP as it applies to the nature of the RVJB's activities.

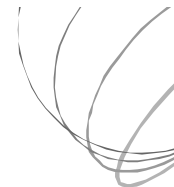
7. The audited accounts were certified on 21 September 2009 and are now available for presentation to the joint board and for publication. The financial statements are an essential means by which the joint board accounts for its stewardship of the resources made available to it and its financial performance in the use of those resources.

Financial outlook

8. The financial outlook for the RVJB is challenging given the economic pressures currently facing all public bodies. The budget set for 2009/10 recognises this and there is an expectation by the Assessor that levels of expenditure will be closely monitored to ensure costs are kept to available resources. Indications are at present that the joint board's 2009/10 net expenditure is in line with expectations.
9. As at 31 March 2009, a pension liability of £0.575 million existed for RVJB staff. The future extent of pension assets or liabilities will depend largely on the future investment performance of the Strathclyde Pension Fund which should be monitored by member authorities.

Legality

10. Each year we request written confirmation from the Treasurer that the RVJB's financial transactions accord with relevant legislation and regulations. Significant legal requirements are also included in audit programmes and checklists. The Treasurer has confirmed that, to the best of her knowledge and belief and having made appropriate enquiries of members and officials of the RVJB, the financial transactions of the joint board were in accordance with the relevant legislation and regulations governing its activities.



Corporate governance

11. In this section we comment on key aspects of the joint board's governance arrangements during 2008/09.

Overview of arrangements in 2008/09

12. Corporate governance is concerned with structures and processes for decision-making, accountability, control and behaviours at the upper levels of the organisation. The RVJB has an IT security policy in place and as reported last year, is currently developing an Information Security Policy to further enhance security arrangements. In previous years, we have concluded that the Board has many aspects of a sound corporate governance framework in place and have reached the same conclusion this year. The RVJB does not have any overarching risk management strategy or a risk register in place at present. We have been assured however that topic specific risk assessments are carried as required. We have also been informed that Renfrewshire Council's Risk Manager has offered support to the joint board regarding further developments of the RVJB risk management processes.

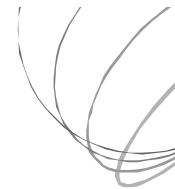
Systems of internal control

13. Internal audit plays a key role in the RVJB's governance arrangements, providing an independent appraisal service to management by reviewing and evaluating the effectiveness of the internal control system. Internal audit's programme of work is based on a five year cyclic approach based on an assessment of risk. During 2008/09, investigations were carried out into:

- Security of Absent Voter Identifier Security
- Electoral Registration System
- Internal control arrangements at the Robertson Centre.

14. The results of these audits were generally satisfactory with no major recommendations being required. Further work is planned by internal audit in 2009/10 including work on budget monitoring arrangements and computer server security.

15. The RVJB utilised Renfrewshire Council's main financial systems for its operations. These systems have been reviewed as part of our audit of Renfrewshire Council and have been found to have no material weaknesses.



Prevention and detection of fraud and irregularities

16. The RVJB has appropriate arrangements for the prevention and detection of fraud and corruption. These arrangements include a strategy for the prevention and detection of fraud including clear lines of responsibility for investigations.