

## **RENFREWSHIRE VALUATION JOINT BOARD**

**To: Renfrewshire Valuation Joint Board**

**On: 22 November 2019**

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**Report by: Chief Auditor**

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**Heading: Internal Audit Engagement – Budget Monitoring Arrangements**

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### **1. Summary**

- 1.1 In line with the Public Sector Internal Audit Standards, Internal Audit must communicate the results of each engagement to the Board.
  - 1.2 The Chief Auditor will report summaries of completed audit engagements to the Joint Board on the conclusion of each engagement for formal consideration by member in line with the best practice referred to above.
  - 1.3 This report provides detail of the audit engagement completed in September 2019 with the overall assurance rating and the number of recommendations in each risk category. The detailed board summary for the report is also attached.
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### **2. Recommendations**

- 2.1 Members are invited to consider and note the summary for the internal audit review of budget monitoring.
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**For further information please contact Andrea McMahon on 07983852046**

**Or via e-mail at [andrea.mcmahon@renfrewshire.gov.uk](mailto:andrea.mcmahon@renfrewshire.gov.uk)**

**Renfrewshire Council**

**Internal Audit Service**



## Update for Renfrewshire Valuation Joint Board on the Audit Engagement concluded in September 2019

Category	Engagement	Assurance Rating	Recommendation Ratings			
			Critical	Important	Good Practice	Service Improvement
Assurance	Budget Monitoring	Substantial	0	0	0	1

Assurance Level	
Substantial Assurance	<ul style="list-style-type: none"> <li>There is a sound system of internal control designed to achieve the objectives of the area being reviewed.</li> <li>The control processes tested are being consistently applied.</li> </ul>
Reasonable Assurance	<ul style="list-style-type: none"> <li>The internal control processes are generally satisfactory with some areas of weakness being identified that could put some objectives of the area being reviewed at risk</li> <li>There is evidence that the level of non-compliance with some of the control processes may put some of the objectives of the area being reviewed at risk.</li> </ul>
Limited Assurance	<ul style="list-style-type: none"> <li>Weaknesses in the system of internal controls are such as to put the objectives of the area being reviewed at risk.</li> <li>The level of non-compliance puts the objectives of the area being reviewed at risk.</li> </ul>
No Assurance	<ul style="list-style-type: none"> <li>Control processes are generally weak with significant risk to the achievement of the objectives of the area being reviewed.</li> <li>Significant non-compliance with control processes leaves the processes/systems open to error or abuse.</li> </ul>

Recommendation Rating	
Service Improvement	Implementation will improve the efficiency / housekeeping of the area under review.
Good Practice	Implementation will contribute to the general effectiveness of control.
Important	Implementation will raise the level of assurance provided by the control system to acceptable levels.
Critical	Addresses a significant risk, impacting on the objectives of the area under review.



# Internal Audit Report

## Renfrewshire Valuation Joint Board

### Budget Monitoring Arrangements (A0013/2020/001)

A0013/2020/001

Date: September 2019

#### **BOARD SUMMARY**

##### **Audit Objectives**

The objectives of the review were:

- To confirm that all cost centres are being controlled by an appropriate cost centre manager, of sufficient seniority and knowledge to be able to identify and manage variances;
- To ensure that account codes are adequate to describe and reflect the types of income and expenditure within the cost centre, and procedures are in place to add or change account codes as required;
- To assess the adequacy of processes in place to provide information to cost centre managers to enable them to monitor budgets, current spend and also committed expenditure which may not be reflected in the ledger system or budget statements;
- To confirm that all significant reported variances are adequately reviewed and corrective action taken to bring these variances in to line.

##### **Audit Scope**

Interviewed the appropriate staff to ascertain the system in place for monitoring budgets.

Evaluated the controls within the system and prepared and undertook a set of compliance tests to ensure that the controls are operating satisfactorily.

##### **Key Audit Assurances**

1. There are only a small number of cost centres in the Renfrewshire Valuation Joint Board accounts structure. The auditor found these to be appropriately controlled by RVJB officers, with assistance from Renfrewshire Council's Finance and Resources staff.
2. Adequate account codes are in place for income and expenditure. There are adequate procedures in operation for addition or deletion of codes, if required.
3. Adequate processes are in place to monitor budgets, current spend and to take account of committed expenditure.
4. All significant variances are reviewed by the Board's officers and Finance and Resource staff and appropriate corrective action taken.

# Internal Audit Report

## Renfrewshire Valuation Joint Board

### Budget Monitoring Arrangements (A0013/2020/001)

A0013/2020/001

Date: September 2019

#### Key Risks

No key risks were identified during the audit.

#### Overall Audit Opinion

The system in place for budget monitoring is operating satisfactorily. Although, there were changes to the format of budget monitoring reports as a result of using the Business World Financial system, the reports continue to provide sufficient and appropriate information to enable the budget to be satisfactorily monitored.

#### Management Commentary

Management will update RVJB's Revenue Budget Holders Guide for changes in staff designations and procedures as a result of the implementation of Business World. The Guide will be reviewed annually unless required due to a change in personnel and /or procedures.