

Renfrewshire Valuation Joint Board

Report to Members on the 2006/07 Audit



October 2007



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Introduction

1. This report summarises the findings from our 2006/07 audit of the Renfrewshire Valuation Joint Board.
2. The financial statements of the Joint Board are the means by which it accounts for its stewardship of the resources made available to it and its financial performance in the use of these resources. It is the responsibility of the Joint Board to prepare financial statements that present fairly its financial position and the income and expenditure for the year.
3. The members and officers of the Joint Board are responsible for the management and governance of the organisation. As external auditors, we review and report on the arrangements in place.



Financial Statements and Financial Position

4. In this section we summarise key outcomes from our audit of the Joint Board's financial statements for 2006/07. We comment on the significant accounting issues faced and provide an outlook on future financial reporting issues.
5. We audit the financial statements and give an opinion on:
 - whether they present fairly the financial position of the Joint Board and its expenditure and income for the period in question
 - whether they have been prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements.
6. We also review the Statement on the System of Internal Financial Control by:
 - considering the adequacy of the process put in place to obtain assurances on systems of internal control
 - assessing whether disclosures in the Statement are consistent with our knowledge of the internal financial control systems within Renfrewshire Council.
7. We have given an **unqualified** opinion on the financial statements of the Renfrewshire Valuation Joint Board for 2006/07. The Joint Board's unaudited financial statements were submitted to the Controller of Audit prior to the deadline of 30 June 2007 as required by statute. Our audit work established that final accounts preparation processes and working papers were generally of a good standard and only minor changes to the draft financial statements were required. The audit process was completed by 31 August 2007 and the financial statements are now available for presentation to the Joint Board and publication.
8. The financial statements for the year ended 31 March 2007 have been prepared to comply with the revised presentational format required by bodies which prepare accounts under the 2006 Statement of Accounting Practice. Prior year comparative figures have been amended as appropriate.
9. The Joint Board achieved a surplus of £119,445 during 2006/07 after adjusting for costs associated with accounting entries relating to Financial Reporting Standard 17 (retirement benefits) - £101,000. The net increase in revenue reserves of £18,445 was broadly in line with the budgeted increase of £22,400. Additional expenditure on supplies and services was offset by underspends on pay costs and property costs coupled with minor variances on other categories of income and expenditure.



Work associated with the revaluation of telecommunication subjects was not progressed as planned during the year and work on this project will be required to be completed in 2007/08. Accumulated surpluses total £226,091 but as the Joint Board does not have the statutory powers to hold reserves, this balance is shown in the financial statements within creditors as amounts due to constituent member councils.

10. The Joint Board's balance sheet shows a net overall liability in 2006/07 of £217,000. The negative balance reflects pension liabilities falling due in future years. This liability is £758,000 less than the liability that existed in 2006/07 and reflects an improved performance of pension fund investment management. In common with similar public bodies, the future financing of these liabilities will be met by future requisitions from member authorities and the application of future income, to be approved annually by the Joint Board. We also understand that the Joint Board is fully expected to operate for a further twelve months from the balance sheet date. As such, the financial statements have been presented on a going concern basis.
1. The Joint Board has made good progress in addressing the implications of the Electoral Registration Act. The additional cost of the door to door canvas in order to prepare for the potential burdens of the Act was in part met from £51,000 of additional contributions from member councils, the funds for which were provided to council's by the Scottish Government. Progress has also been made in transferring all relevant staff to a new pay and grading model as part of fully implementing single status.

Legality

11. Each year we request written confirmation from the Treasurer that the Joint Board'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 the members of the Joint Board, the financial transactions of the Joint Board were in accordance with the relevant legislation and regulations governing its activities.
12. There are no additional legality issues arising from our audit which require to be brought to members' attention.



Governance

Overview of arrangements in 2006/07

13. Corporate governance is concerned with structures and processes for decision-making, accountability, control and behaviours at the upper levels of the organisation. The Joint Board has a responsibility to put in place arrangements for the conduct of its affairs, ensure the legality of activities and transactions and to monitor the adequacy and effectiveness of these arrangements in practice. As auditor I have a responsibility to report on the Joint Board's corporate governance arrangements.
14. A Statement on the System of Internal Financial Control is included within the annual financial statements, and states the Treasurer's view that reasonable assurance can be placed upon the adequacy and effectiveness of the Board's internal financial control system. The activities of the Joint Board are subject to cyclical examination by Renfrewshire Council's internal audit department. No internal audit review was undertaken on matters relating to 2006/07.
15. The statement complies with accounting requirements and is not inconsistent with the findings of our audit.

Systems of internal control

16. The Joint Board's financial transactions are processed through Renfrewshire Council's financial systems. It is the responsibility of the council's management to maintain adequate financial systems and associated internal controls. The auditor evaluates the significant financial systems and the associated internal controls, both for the purpose of giving an opinion on the statement of accounts, and in order to report on the adequacy of such systems and controls.
17. Audit's review of these systems was conducted as part of the audit of Renfrewshire Council and supplemented by specific audit work on the Joint Board's financial statements. There were no material issues of concern concerning the operation of the main financial systems or the Board's transactions.

Prevention and detection of fraud and irregularities

18. The Joint Board does not have in place its own arrangements for the prevention and detection of fraud and corruption. Instead the Board complies with the relevant policies of Renfrewshire Council. There were no frauds identified within the Joint Board in 2006/07.



Final Remarks

19. The members of Renfrewshire Valuation Joint Board are invited to note this report. We would be pleased to provide any additional information that members may require.

20. The co-operation and assistance given to us by Renfrewshire Valuation Joint Board and the relevant officers within Renfrewshire Council is gratefully acknowledged.

Audit Scotland

1st October 2007