



FINAL

Internal Audit Report

Corporate Services Department

**Review of Council Tax &
Non-Domestic Rates**

September 2007

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1. BACKGROUND

- 1.1 This report has been prepared as a result of the Internal Audit review of Council Tax and Non-Domestic Rates as part of the 2007 – 2008 Internal Audit programme. We identified current practices and critically evaluated these to the standing orders in order to highlight variances.
- 1.2 The Council Tax section administers and collects Council Tax for over 46,000 residential properties in Argyll & Bute. The Council also administers and collects charges for domestic water and sewerage on behalf of Scottish Water. The Council maintains the data base of residential properties and updates it for changes of owners and residents and applications for exemptions and discounts are processed.
- 1.3 Non - Domestic Rates (NDR) are charged on commercial properties based on a rateable value fixed by the Assessor (Dunbartonshire and Argyll & Bute Valuation Joint Board). For 2007-2008 the poundage charged is 44.1p. In certain circumstances, reliefs are available for charitable organisations, disabled persons, empty properties, rural properties and small businesses with a rateable value under £11,500.
- 1.4 Direct Debit is the Council's preferred method of payment for Council Tax and NDR and may be paid in instalments. Payments can also be made by post, at any Post Office and at Council offices. Payment by debit/credit card can be arranged by telephone or via the internet.

2 AUDIT SCOPE AND OBJECTIVES

- 2.1 The broad objectives of the review were to ensure:
- All relevant data from the valuation list is promptly and correctly transferred to the billing system/Assessment Roll.
 - Bills are correctly calculated (including discounts, reliefs etc) for all relevant properties.
 - Only valid amendments can be made to the billing system.
 - Payments received are promptly processed and correctly posted to the taxpayers'/ratepayers' accounts.
 - Write offs, cancellations and refunds are properly controlled.
- 2.2 The adequacy of the arrangements to meet the objective has been assessed using a grading of one to five ticks (✓ 's). Five ticks indicate good arrangements and one tick inadequate arrangements are in place. The assessment is set out in section 5 (figure 1). The assessment has been made by considering the value and significance of any findings and recommendations.

3 AUDIT APPROACH

3.1 The following approach was used to satisfy the objectives of the audit:

- Revenues Manager was approached to provide a brief outline of the scope of the audit and estimated timings.
- Current practices were discussed with the Council Tax Supervisor and Senior Revenues Assistant and noted on the SAM control summaries.
- It was explained that the Auditor would call for evidence on a sample basis as appropriate to back up the responses.
- The documents and information provided together with the completed control summary were reviewed by Audit and queries arising were subsequently raised with Auditees.
- Appropriate compliance and substantive tests were devised and carried out and as part of the exercise, visits were made to Witchburn Road, Campbeltown.
- All findings/matters arising were raised and discussed with the Council Tax Supervisor and Senior Revenues Assistant.
- A draft report was prepared and a copy passed to the Head of ICT & Financial Services and Revenues Manager for comments.
- Comments were included in the final report, which was then passed to the Director of Service.

4 SUMMARY OF MAIN FINDINGS

4.1 Internal Audit found that controls were effective and no recommendations have been generated as a result of this review.

5 OVERALL CONCLUSION AND ASSESSMENT AGAINST OBJECTIVES

5.1 The Council Tax and Non-Domestic Rates sections have a good working knowledge of the processes involved. During the course of the audit, there were no significant areas identified as requiring improvement.

5.2 Figure one below sets out a summary of the overall conclusions arising from the audit in terms of the specific objective detailed at section 2.1

Figure 1: Summary of overall conclusions

Specific objectives	Assessment
All relevant data from the valuation list is promptly and correctly transferred to the billing system/Assessment Roll.	✓✓✓✓✓
Bills are correctly calculated (including discounts, reliefs etc) for all relevant properties.	✓✓✓✓✓
Only valid amendments can be made to the billing system.	✓✓✓✓✓
Payments received are promptly processed and correctly posted to the taxpayers'/ratepayers' accounts.	✓✓✓✓✓
Write offs, cancellations and refunds are properly controlled.	✓✓✓✓✓
<p>Key:</p> <ul style="list-style-type: none"> ✓✓✓✓✓ - Arrangements accord with good practice and are operating satisfactorily. ✓✓✓✓ - Arrangements accord with good practice, but certain minor matters noted as requiring improvement. ✓✓✓ - Adequate arrangements in place, but certain matters noted as requiring improvement. ✓✓ - Arrangements in place offer scope for substantial improvement. ✓ - Concern is expressed about the adequacy of the scope of these arrangements. 	

6 ACKNOWLEDGEMENTS

- 6.1 Thanks are due to the Council Tax and Non-Domestic Rates sections for their co-operation and assistance during the Audit and the preparation of the report and action plan.
- 6.2 Argyll & Bute Council's internal audit department has prepared this report. Our work was limited to the scope in paragraph 2.1 of this report. We cannot be held responsible or liable if information material to our task was withheld or concealed from us, or misrepresented to us.
- 6.3 This report is private and confidential for the Council's information only and is solely for use in the provision of an Internal Audit service to the Council. The report is not to be copied, quoted or referred to, in whole or in part, without prior written consent.