



Internal Audit Report

CUSTOMER SERVICES DEPARTMENT

Review of Council Tax and Non-Domestic Rates

August 2010

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1 INTRODUCTION

This report has been prepared as a result of the Internal Audit review of Council Tax and Non - Domestic Rates as part of the 2010-11 Internal Audit programme.

A major audit was carried out in 2009 -10 covering all areas of processing, 2 interim audits were scheduled within the 3 year strategic audit plan 2008 – 2009 and 2010 – 2011, either side of the major audit. The interim audit in 2008 – 2009 looked at key controls and was a preparation audit for the coming major audit. The interim audit undertaken for 2010-11 was a follow up audit to ensure controls remain extant and operating effectively.

Council Tax set by Argyll & Bute Council is a contribution towards Council Services which is payable on domestic properties and by law, the Council is required to include in the bill, (where applicable) charges for water and sewerage set by the Scottish Water. The charge is based on the valuation band placed on the property by the Assessor.

In February 2010 Argyll & Bute's Council's Council Tax System produced 46,576 bills and for the financial year 2010-11 a total value of £54,291,219.63.

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 2010-11 the poundage charged is 48.1p.

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.

Failure to pay instalments on time, will result in losing the right to pay by instalments, continued failure to pay will result in recovery action being imposed, including an application to Sherriff Officers to take legal action.

A joint contract is in place between 2 Sherriff Officers, Stirling Park LLP and Walker Love and 5 Local Authorities, Argyll & Bute, Aberdeenshire, Highland, Moray and Western Isles Councils since 1 May 2009.

Argyll & Bute Council has passed approximately £20m to the Sheriff Officers for recovery. The targets for recovery of new debt passed for collection are set at 47.46% for Council Tax via Stirling Park LLP and 70% for NDR via Walker Love.

2 AUDIT SCOPE AND OBJECTIVES

The scope of this review is limited to the Internal Control Questionnaire (ICQ) issued to the Revenues and Benefits Manager for completion.

The broad objectives were to review the recovery and enforcement area using CIPFA SBA control matrices for both Council Tax and NDR. This will ensure that procedures and processes are in place through sampling and walk through testing.

3 RISK ASSESSMENT

As part of the audit process and in conjunction with our Systems Based Auditing (SBA), ICQ approach, the Risk Register was reviewed to identify any areas that needed to be included within the audit.

The Audit approach encompasses all areas identified in the Risk Register.

4 CORPORATE GOVERNANCE

There are no Corporate Governance issues to be reported as a result of this audit.

5 MAIN FINDINGS

There were no significant findings resulting from the audit. Both Council Tax and NDR resource teams continue to provide a well controlled service, however one minor finding has been generated and a recommendation made to further enhance controls and the operational efficiency of both services.

6 RECOMMENDATIONS

The audit generated one recommendation that has been agreed with management. This is detailed in the Action Plan set out below in Appendix 2.

7 AUDIT OPINION

Internal Audit is satisfied that both sections have answered the ICQ in an appropriate manner.

Based on audit findings we can conclude that both sections were able to provide evidence of their adherence to current controls. That in both sampling and walk through tests one minor matter was identified and has been discussed and accepted by management.

The recommendation arising from the audit work should be implemented by the nominated responsible officer within the agreed timescale. Recommendations not implemented will require explanation to the Audit Committee. This could lead to findings being reported in the Internal Control Statement produced by the Council in support of the Annual Accounts.

8 ACKNOWLEDGEMENTS

Thanks are due to both the Council Tax and NDR Supervisor's and their teams for their co-operation and assistance during the Audit and the preparation of the report and action plan.

Argyll & Bute Council's Internal Audit section has prepared this report. Our work was limited to the objectives in Section 2. We cannot be held responsible or liable if information material to our task was withheld or concealed from us, or misrepresented to us.

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.