



Internal Audit Report

Customer Services

Council Tax and Non Domestic Rates

2011-12

| SECTION | | PAGE |
|----------------|----------------------------|-------------|
| | | |
| 1 | Introduction | 1 |
| 2 | Audit Scope and Objectives | 1 |
| 3 | Risk Assessment | 1 |
| 4 | Corporate Governance | 2 |
| 5 | Main Findings | 2 |
| 6 | Recommendations | 2 |
| 7 | Audit Opinion | 3 |
| 8 | Acknowledgements | 3 |
| | | |
| Appendix 1 | Detailed Findings | |
| Appendix 2 | Action Plan | |
| | | |

1 INTRODUCTION

This report has been prepared as a result of the Internal Audit review of Council Tax & Non Domestic Rates – Discounts and Exemptions, located within Customer & Support Services, Customer Services Department at Witchburn Road, Campbeltown. The audit is part of the 2011/2012 Internal Audit programme.

From 1 April 1993 onwards, Council Tax is payable in respect of any dwelling which is not an exempt dwelling. Last year Argyll & Bute Council received approximately £46m representing 17% of the Council's income from Council Tax.

Local Authorities have discretion to administer Council Tax discount on second homes and long term empty properties of between 10% and 50%. There are approximately 4,000 second homes and holiday homes registered in Argyll & Bute. Around 300 of these receive the maximum 50% discount due to their status as purpose build holiday homes. The remaining properties receive a 10% discount as second homes.

Twelve staff are responsible for processing Council Tax bills, discounts and exemptions. All must be aware of government legislation in respect of Council Tax. All Council Tax staff must have access to appropriate legislative guidance. Any required training relating to legislative changes must be delivered as and when required.

Currently, Council Tax staff process approximately 100 pieces of daily correspondence, and work within a 10 day target for answering Council Tax correspondence.

2 AUDIT SCOPE AND OBJECTIVES

The audit focused on ensuring that all calculations, decisions, actions, payments & refunds were valid, controlled and accurately recorded in respect of Council Tax discounts and exemptions. The specific objectives of the audit were to assess and report on whether: Liability, Billing, Collection, Refunds, Recovery and Enforcement Regulations, were up-to-date and being adhered to.

3 RISK ASSESSMENT

As part of the audit process and in conjunction with our CIPFA Systems Based Audit (SBA), ICQ approach, the risk register was reviewed to identify any areas that needed to be included within the audit. The area identified was:

SR16 Failure to have a robust internal control process and system

4 CORPORATE GOVERNANCE

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

5 MAIN FINDINGS

- 5.1 Information on Council Tax bands, how to pay Council Tax, discounts and exemptions was found to be available to the general public on the Council website. Discount and exemption application forms were also found to be available and can be completed electronically via the Council website.
- 5.2 The staff that are responsible for processing Council Tax bills, discounts and exemptions were found to be aware of the conditions set out in legislation, to have access to guidance and receive necessary training when required.
- 5.3 Internal Audit undertook a review of Data Access Controls and these were found to be working and robust.
- 5.4 On inspection of Northgate and Comino systems Internal Audit found that discounts and exemptions were controlled and records accurately recorded.
- 5.5 Internal Audit found that there was not a structured approach or timetable drawn up for a number of the discount and exemption categories. Our review uncovered occasions when the necessary documentary evidence was not recorded on the system. There were also examples of mail being returned to Council Tax team marked 'gone away', with no forwarding address.

6 RECOMMENDATIONS

One recommendation was identified as a result of the audit this is of low priority. The recommendation is shown in the action plan attached at Appendix 2 and has been compiled with the co-operation and agreement of the Supervisor/Manager.

Internal Audit considers that, in an effort to improve the quality of information, monitoring and control, the recommendation should be implemented in accordance with the agreed action plan. Management have set an achievable implementation date and will be required to provide a reason to the Audit Committee for failure to implement within the agreed timescale. Where management decides not to implement a recommendation it must evaluate and accept the risk associated with that decision.

A system of grading audit findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained.

Each finding is classified as fundamental, material or minor. The definitions of each classification are set out below:-

High - major observations on high level controls and other important internal controls. Significant matters relating to factors critical to the success of the objectives of the system. The weakness may therefore give rise to loss or error;

Medium - observations on less important internal controls, improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system and items which could be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified;

Low - minor recommendations to improve the efficiency and effectiveness of controls, one-off items subsequently corrected. The weakness does not appear to affect the ability of the system to meet its objectives in any significant way.

7 AUDIT OPINION

Based on the findings we can conclude that there are appropriate controls and procedures in place to ensure that all calculations, decisions, actions, payments and refunds are accurately recorded in respect of Council Tax exemptions and discounts.

The recommendation arising from the audit work should be implemented by the nominated responsible officer within the agreed timescale. A recommendation 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 the Council Tax Supervisor, the staff and the System Administrator 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.

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