



Internal Audit Report

Revenues Team

**Internal Audit Review of Income: Non-Domestic Rates
Business Improvement District**

September 2013

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1 INTRODUCTION

This report has been prepared as a result of the Internal Audit review of Income: Non-Domestic Rates as part of the 2013/14 Internal Audit programme.

A Business Improvement District (BID) is a not for profit Company dedicated to improving and making that district a better place in which to work and conduct business. It will benefit the trading environment within the boundary of a clearly defined commercial area, where businesses have voted to invest collectively in local improvements which will benefit the local economy. BIDs are developed, managed and paid for by the business sector through an agreed levy of up to 5% calculated on the non-domestic rates valuation. Businesses within the proposed BID area must vote in favour before the BID can be established. The levy payments should be used to lever in additional funding from the Scottish Government, European funding and other trust and grant funding bodies. The levy should also be used to develop revenue streams from the delivery of local services, asset management and other revenue generating opportunities.

Argyll and Bute Council provides services to support 2 BID companies within Argyll and Bute (BID 4 OBAN and PA23 BID (Dunoon)). Under the terms of an Operating Agreement between each BID company and the council, the services provided include collection of BID Levies due, administration of debt collection and holding/operating a separate BID Revenue Account.

2 AUDIT SCOPE AND OBJECTIVES

The scope of this review was to ensure that procedures in relation to the administration, collection and recovery of the BID Levy are being adhered to.

The objectives of the review were to ensure:

- That the BID Levy due from each BID Levy Payer is calculated in accordance with the BID Levy Rules;
- The BID Levy is paid into the BID Revenue Account in accordance with the Regulations.
- The BID Revenue Account is being administered in terms of the Operating Agreement between Argyll & Bute Council and the BID Companies.

3 RISK ASSESSMENT

BID pilot schemes were introduced in Scotland in 2007. Two BID companies have recently been set up within Argyll and Bute. As this is a new scheme to the Council, we reviewed the systems and processes in place to ensure that all risks were being minimised.

4 CORPORATE GOVERNANCE

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

5 MAIN FINDINGS

The review showed that the calculated BID Levy due from each payer is in accordance with the rules. A 10% random selection of BID levy accounts was selected for testing and all were found to be issued at the correct level.

We identified one issue during our testing. We noted that 2 accounts were issued to account holders who had provided updated information to the Council for Non Domestic Rates payments and this information had not been carried through to the BID process.

The administration of the BID Revenue Account is being carried out within the terms of the Operating Agreement between Argyll & Bute Council and the BID Companies.

6 RECOMMENDATIONS

No recommendations were identified as a result of the audit.

7 AUDIT OPINION

Based on the findings of the review we can conclude that the Revenues Team have sufficient levels of control and procedures in place for the administration of BID Company Agreements and collection of levies.

8 ACKNOWLEDGEMENTS

Thanks are due to the Revenues Team staff and Management for their co-operation and assistance during the Audit and the preparation of the report.

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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