

REPORT TO: Audit and Governance Committee

MEETING DATE: 17 May 2016

BY: Depute Chief Executive – Resources & People Services

SUBJECT: Internal Audit Report – Council Tax

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Council Tax.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan.

3 BACKGROUND

- 3.1 A review of Council Tax was undertaken as part of the audit plan for 2015/16.
- 3.2 The main objective of the audit was to ensure that the internal controls in place for Council Tax were operating effectively.
- 3.3 The main findings from our audit work are outlined in the attached report.

4 POLICY IMPLICATIONS

- 4.1 None

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

6.1 Financial - None

6.2 Personnel - None

6.3 Other - None

7 BACKGROUND PAPERS

7.1 None

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DATE	5 May 2016

EAST LOTHIAN COUNCIL – INTERNAL AUDIT COUNCIL TAX

1. EXECUTIVE SUMMARY

1.1 Introduction

A review of the internal controls surrounding the administration of Council Tax was undertaken as part of the Audit Plan for 2015/16. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- The Council has adequate billing arrangements in place to ensure compliance with legislation.
- Billing system parameters were correctly set up on the Capita system to reflect the Council Tax and water charges for 2015/16.
- The Capita system is correctly updated to reflect the information contained in the Assessor's interface reports.
- The opening gross Council Tax debit was correctly calculated on the Capita system, based on the total number of chargeable properties.
- Systems are in place to ensure that the total number of Council Tax bills created as part of the annual billing run reconciles to the total number of live properties on the Capita system.
- The Council's general ledger is correctly updated with the monthly Council Tax transactions from the Capita system.
- All Council Tax income collected through the Income Management System is correctly posted to both the Capita system and the Council's general ledger.

1.3 Areas with Scope for Improvement

- There was a lack of segregation of duties in respect of the printing and dispatch of 'failed' bills. *Risk – errors and irregularities may remain undetected.*
- There were delays in reconciling the property control totals between the Capita system and the Assessor's interface reports. *Risk – errors and irregularities may occur and remain undetected.*
- There was a lack of checking procedures in place to ensure that the Council was being correctly charged for the number of annual bills dispatched. *Risk – over or under payments may occur.*

1.4 Summary

Our review of Council Tax has identified some areas with scope for improvement. Detailed findings and recommendations are contained in our main audit report.

Mala Garden
Internal Audit Manager

April 2016

**EAST LOTHIAN COUNCIL – INTERNAL AUDIT
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ACTION PLAN

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.2.2	Management should ensure that the reconciliation of property control totals between the Capita system and the Assessor's report is undertaken timeously.	Medium	Council Tax Team Leader	Agreed – we will seek to perform the reconciliations on a weekly basis.		April 2016
3.5.3	<p>Management should ensure that adequate separation of duties exists for the printing and dispatch of 'failed' bills.</p> <p>Management should ensure that a clear audit trail is available on the Capita system to confirm that 'failed' bills have been printed and dispatched.</p>	Medium	Systems Development and Business Support Team Leader	<p>Agreed – the notices will be passed to the Council Tax Section for internal printing and enveloping.</p> <p>Agreed – where the notice is only re-printed and not recreated following a change (e.g. a postcode or mailing address amendment) a note will be applied to the account.</p>		<p>February 2017</p> <p>February 2017</p>

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.5.4	Appropriate checks should be undertaken to ensure that the Council is being correctly charged for the number of bills dispatched.	Medium	Systems Development and Business Support Team Leader	Agreed		April 2016

Grading of Recommendations

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
High	Recommendations which are fundamental to the system and upon which Management should take immediate action.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.