



GEDLING
BOROUGH COUNCIL



INTERNAL AUDIT

Report

2004-2005

NNDR

Key Financial System

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GEDLING BOROUGH COUNCIL
INTERNAL AUDIT REPORT
KEY FINANCIAL SYSTEM AUDIT
NATIONAL NON-DOMESTIC RATES

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1. INTRODUCTION

- 1.1 An audit of the National Non-Domestic Rates (NNDR) system has been carried out in accordance with 2004/05 Audit Plan. The audit concentrated on the core system procedures and follow up of previous audit recommendations.
- 1.2 The review identified and examined the current procedures, internal controls and system of processing and amending rateable values, calculation of charges, billing, processing of payments received, refunds and write-off, evaluating their effectiveness in ensuring the control objectives stated below:
- A register of all non-domestic properties is maintained, reviewed and updated
 - Bills are raised promptly and correctly.
 - All NNDR money collected is promptly posted to the correct account
 - Prompt and effective recovery action is taken on all overdue unpaid amounts
 - Reliefs given for transition, charities and hardship are given in accordance with regulation and local schemes.
 - Refunds are made in accordance with approved procedures and write-offs are authorised in accordance with financial regulations.
 - Effective system management ensures financial data accuracy.
 - Audit Commissions – Fraud Module
- 1.3 The Income Section of Revenues within the Finance Department is responsible for the NNDR system and reporting to the ODPM on an annual basis by the Incomes Manger.
- 1.4 Previous audit recommendations from 2003/2004 Audit of NNDR carried out by NCC was followed up to ascertain if they had been implemented. These have subsequently been reviewed and reported on within the quarterly monitoring process.

2. CONDUCT OF AUDIT

- 2.1 The audit terms as referenced in the Matrix for NNDR and compiled for this assignment were followed and references were made to notes and reports from previous audit of NNDR carried out by NCC.
- 2.2 Discussions were held with the Incomes Officers, Local Tax Inspector, Staff in Customer Services and Revenues Manager regarding the core system and procedures relating to data processing and updating the system.
- 2.3 System notes were obtained from previous audits and the system procedures reviewed and notes documented and updated.
- 2.4 Testing was undertaken on the key controls to assess compliance and provide assurance that they are operating effectively. The testing concentrated on transactions generated as a result of amended RATEABLE VALUE from the Valuation Office and the subsequent checking of the charge made to the ratepayer and payment received input to PRO IV system.
- 2.5 Substantive testing of sample transactions, was conducted to ensure the validity of such transactions and that they were properly recorded in the PRO IV system.
- 2.6 The assistance and co-operation of staff involved in this audit assignment under current circumstances due to office refurbishing is acknowledged and appreciated.

3. EXECUTIVE SUMMARY

- 3.1 The Majority of controls reviewed by this audit assignment are operating effectively. NNDR billing, collection and ensuring that the register is updated with the rateable value received from Valuation office are operating satisfactorily.

Staff members are both experienced and knowledgeable but it is apparent that priority was not given to tasks that would update the records on PRO IV system e.g.

- § Desired visitation to properties
- § Investigating the validity of outstanding balances and Write-offs
- § Maintaining property cards up to date.
- § Following on action on admin marker and supervisory review.
- § Regular supervisory checks

- 3.2 A printed valuation listing should be retained as a reference to the records on the system. Supervisory checks should be carried out periodically to ensure monitoring and authorisation of activities carried out by staff.
- 3.3 The Fraud Modules from The Audit Commission were applied during the audit and found to be satisfactory
- 3.4 The audit highlighted some control weaknesses that are considered to be of **Low to Medium** risk.

3.4 CONCLUSION

Overall the procedures and systems in place for NNDR are satisfactory. The implementation of recommendations identified in this report will improve internal controls and assist in ensuring the control objectives of Audit Commission's Fraud Module.

IMPLEMENTATION PLAN

NNDR

REC REF (Risk)	RECOMMENDATION	RESPONSIBLE OFFICER	MANAGEMENT COMMENT	IMPLEMENTATION DATE
5.2.3 Low	That the rating list should be printed every year (or stored electronically) for reference of current records on the system and retained by the section	Revenues Manager	A full list will be obtained at the start of the year.	Immediate
5.2.6 Med.	That the Incomes Manger signs the Valuation Office schedules received in every case to ensure an independent verification of input to system..	Revenues Manager	Agreed	Immediate
5.2.9 Med	That timely analysis (within 3 months) of all outstanding valuation reports should be carried out to ensure accurate amended rateable values have been processed correctly.	Revenues Manager	Agreed	Immediate
5.2.13 Med.	That management consider options to ensure the prescribed process for amending the rates for any alterations and assessing "void" properties is efficient and effective	Revenues Manager	Review resources requirement in the section	Immediate