



**GEDLING**  
BOROUGH COUNCIL



# INTERNAL AUDIT

# *Report*

**2005-2006**

**Council Tax - FINAL**

Bentley Jennison

Internal Audit and Risk Management

February 2006

**GEDLING BOROUGH COUNCIL**

**INTERNAL AUDIT REPORT**

**RISK BASED AUDIT**

**COUNCIL TAX**

**C O N T E N T S**

	<b>PAGE</b>
1. Introduction.	1
2. Conduct of the Audit.	1
3. Executive Summary.	2
Implementation Plan	3
4. <b><u>Current Audit Findings and Recommendations</u></b>	
4.1 Introduction	5
4.2 Recommendations	7

<b>Debrief meeting:</b>	27 Jan 2006	<b>Auditors:</b>	Chris Williams, Partner
<b>Draft report issued:</b>	17 February 2006		Mike Riley, Client Manager
			Saeefar Rehman, Auditor
<b>Responses received:</b>	29 March 2006		Kelly Wallace, Auditor
<b>Final report issued:</b>	9 June 2006	<b>Client sponsor:</b>	Mark Kimberley, Head of Finance
			Charlie Radford, Resources Manager

## **1. INTRODUCTION**

- 1.1 An audit of Council Tax was undertaken as part of the approved internal audit periodic plan for 2005/06.
- 1.2 The objective of our audit was to evaluate the auditable area with a view to delivering reasonable assurance as to the adequacy of the design of the internal control system and its application in practice. The control system is put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. The following limitations to the scope of the audit were agreed when planning the audit:
- The review will not be able to give assurance that all council tax records are accurate.
  - We will not seek to identify fraud.
  - NNDR processes have not been reviewed as part of this audit.

## **2. CONDUCT OF AUDIT**

- 2.1 The audit considered the organisation's objectives for the area under review and the risks to the achievement of those objectives.
- 2.2 In determining the audit approach, we took into account;
- the assessed risk of the auditable area;
  - any material changes in systems or the control environment;
  - the outcome of any other form of assurance review, either internal or external.
- 2.3 A systematic risk based audit was carried out so that every aspect and stage of the audited subject is considered, within the agreed scope of the audit. It includes review of both the design and operation of controls.
- 2.4 The conduct of this audit complied with the standards set out in GIAS.
- 2.5 The assistance and co-operation of all staff involved in this audit assignment is acknowledged and appreciated.

### 3. EXECUTIVE SUMMARY

- 3.1 Based on the evidence obtained, we have concluded that the design of the system of control, if complied with, is sufficiently robust to provide assurance that the activities and procedures in place will achieve the objectives for the system.
- 3.2 Based on the evidence obtained from our testing, we have concluded that the application of established controls is adequate. However from an overall control aspect there would appear to be weaknesses surrounding the following areas;
- Access levels within the revenues system (IBS) do not reflect the current members of staff. There are five members of staff that have left the Council, who still have access to the system.
  - Statements of interests have not been signed by staff for the current financial year and audit checks are not carried out on staff who have declared interests.
  - The recovery of council tax debt has not been pursued consistently throughout the current financial year.
  - Discounts and exemptions are not being checked on a regular basis, to ensure that they are still applicable to the tax payer.
  - Procedure notes for council tax activities have not been reviewed to incorporate changes to the new revenues system (IBS).
  - The amount of unallocated cash held in the suspense account has risen considerable since the implementation of the new IBS system.

### AUDIT ASSURANCE.

Taking into account the issues identified in this report, in our opinion the control framework for the area under review, as currently laid down and operated, provides **adequate assurance** that risks material to the achievement of the organisation's objectives for this area are adequately managed and controlled.

## IMPLEMENTATION PLAN

REC (Risk)	RECOMMENDATION	RESPONSIBLE OFFICER	MANAGEMENT COMMENT	IMPLEMENTATION DATE
4.2.1  Low	It is <b>recommended</b> that documented procedure notes be developed on how to access, distribute and action IBS system bulletins. These notes should be available to all appropriate staff.	Revenues Manager	Agreed. Agreement has been made to procure services with Comino to achieve this	September 06
4.2.2  Low	It is <b>recommended</b> that documented procedure notes be developed on how to access, distribute and action IBS system bulletins. These notes should be available to all appropriate staff.	To be allocated in forthcoming staffing review of finance	Agreed	September 06
4.2.3  Medium	It is <b>recommended</b> that access levels within the revenues system (IBS) are reviewed and amended to reflect the daily responsibilities and duties of current staff. The five members that have now left should be deleted from the IBS system.	Project Officer	System installation due to complete by 31 <sup>st</sup> march 2006 and at this time final access levels will be determined.	May 06
4.2.4  Low	It is <b>recommended</b> that staff within the council tax department complete a Statement of Interest form for the start of the next financial year. The Register of Interests should be reviewed and updated annually for all staff involved in council tax activities. Management should also review the arrangements to ensure that council tax staff living within the Gedling borough, are not able to access their own accounts.	Council Tax Officer	Agreed	June 06
4.2.5  Low	It is <b>recommended</b> that all supporting documentation for each write off should be signed off by customer services, to confirm that they have been seen and that the documentation supports the decision to write off the bad debt.	Client Officer	Agreed	April 06
4.2.6  Medium	It is <b>recommended</b> that audit checks on members of staff that have access to their own or a family/friend's council tax account, are carried out on a periodic basis. Best practice would be to check staff every quarter.	Revenues Manager	Agreed. 25% sample to be undertaken June and December each year.	June 06
4.2.7  Low	It is <b>recommended</b> that the suspense account used for council tax payments is reviewed and payments are allocated as soon as possible. The suspense account should then be reviewed and cleared on a monthly basis.	Revenues Manager	It is our usual practice to clear daily, but due to system changes a backlog occurred.	Immediate

<b>4.2.8</b> <b>Low</b>	It is <b>recommended</b> that the current debt recovery timetable is reviewed to incorporate the implementation of the new revenues system. Going forward, debts should be chased on a monthly basis, in accordance with the revised timetable.	Council Tax officer	Agreed	April 06
<b>4.2.9</b> <b>Low</b>	It is <b>recommended</b> that a formal schedule for reviewing discounts should be introduced. All discounts should be reviewed in the course of a year and evidence of review should be retained.	Council Tax Officer	Agreed. A formal yearly scheduled procedure will be prepared for Approval by Revenues Manager	April 06
<b>4.2.10</b> <b>Medium</b>	It is <b>recommended</b> that the process for carrying out physical checks of void properties should be reviewed to ensure that there are sufficient resources to carry out such checks and to incorporate any relevant changes to the revenues system. Normal procedures i.e. quarterly checks, should then be resumed.	Revenues Manager	Agreed. This has been identified as an area of weakness and extra resource has been agreed.	Immediate