



GEDLING
BOROUGH COUNCIL



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INTERNAL AUDIT

Report

2005-2006

NDR

Bentley Jennison

Internal Audit and Risk Management

April 2006

GEDLING BOROUGH COUNCIL

INTERNAL AUDIT REPORT

RISK BASED AUDIT

NNDR

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Debrief meeting:	31 March 2006	Auditors:	Chris Williams, Partner
Draft report issued:	3 May 2006		Mike Riley, Client Manager
Responses received:	20 June 2006		Kelly Wallace, Auditor
Final report issued:	21 June 2006	Client sponsor:	Mark Kimberley, Head of Finance

1. INTRODUCTION

- 1.1 An audit of NNDR 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 concentrate on determining the accuracy of the Council Tax and NNDR register and will not cover a review of exemptions;
 - We will not seek to identify fraud;
 - NNDR returns will not be looked at as they are audited by the Audit Commission.

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:
- Supporting documentation when granting exemptions is not always retained;
 - Charitable and rateable reliefs are not reviewed annually;
 - Regular inspections of void properties have not occurred;
 - Procedure notes for business rates activities have not been reviewed to incorporate changes to the new revenues system (IBS);
 - Debt recovery has not been pursued in a timely manner.

AUDIT ASSURANCE.

Taking into account the issues above identified, 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 recommended that procedure notes for all NNDR activities are reviewed to incorporate changes to the revenues system. Any changes should be documented and communicated to affected staff. Procedure notes should be reviewed on an annual basis.	Revenues Manager	Working with Nottingham City Council for external facilitation. Currently in contractual negotiations	06/07
4.2.2 Medium	Management should ensure that documentation is retained to support the decision to grant an exemption. The remaining 14 accounts claiming general exemptions should be reviewed as soon as possible and any changes should be documented.	Council Tax Officer	Agreed	September 06
4.2.3 Medium	Ratepayers in receipt of Charitable or Rural Rate Relief should be subject to an annual review. Evidence of this review should be retained.	Business Rate Officer	Annual Review is normal policy, however due to staffing changes this was not done in 05/06	06/07
4.2.4 Medium	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. Normal procedures i.e. quarterly checks should then be resumed.	Revenues Manager	Review has been carried out and dedicated NNDR inspector now in post.	Implemented
4.2.5 Low	Debts should be chased on a timely basis in accordance with the revised debt recovery timetable for 2006/07. Any accounts on hold should be reviewed on a regular basis.	Revenues Manager	Limited Recovery during 05/06 due to legacy system renewal. Normal recovery timetable in progress for 06/07	Implemented April 06