



GEDLING BOROUGH COUNCIL

Internal Audit Progress Report

Audit Committee

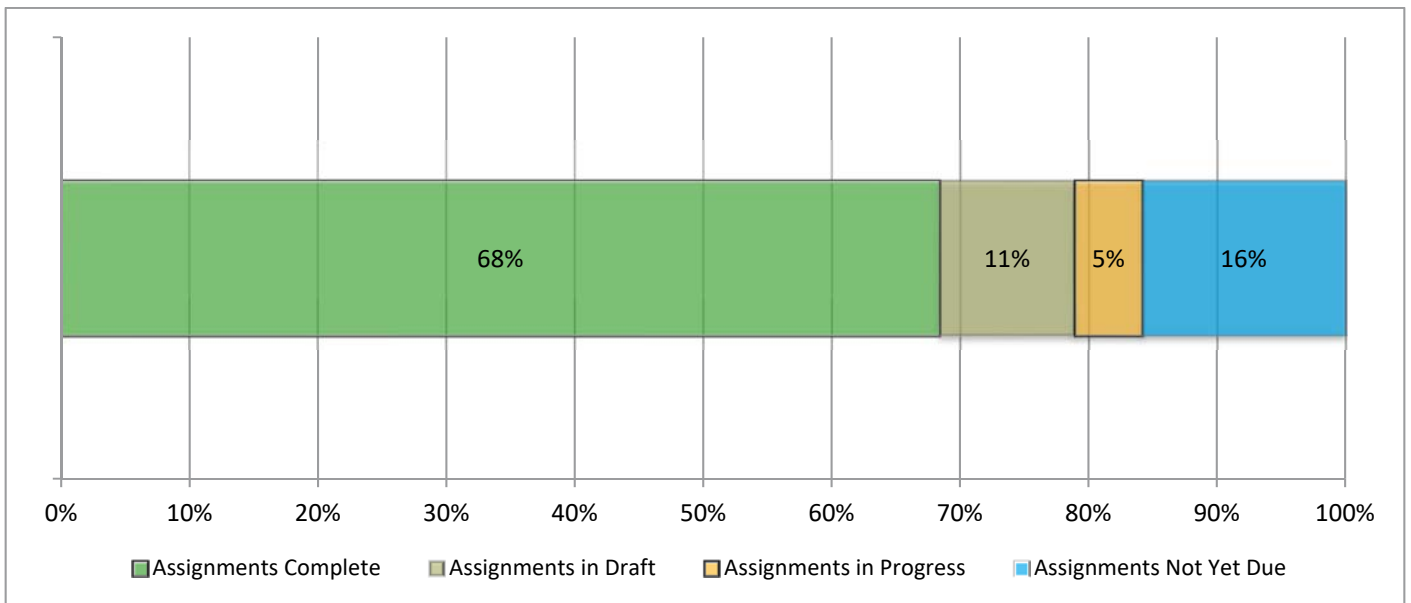
14 January 2020

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1 INTRODUCTION

The Internal Audit Plan for 2019/20 was approved by the Audit Committee on 19 March 2019. Below provides a summary update on progress against that plan and summarises the results of our work to date. Please see chart below for current progress with the Plan.



2 REPORTS CONSIDERED AT THIS AUDIT COMMITTEE

This table informs of the audit assignment that has been completed and the impacts of those findings since the last Audit Committee held. The Executive Summary and Key Findings of the assignment below is attached to this progress report.

Assignments	Status	Opinion issued	Actions agreed		
			L	M	H
Safeguarding (1.19/20)	Final		3	3	0
Emergency Planning and Business Continuity (3.19/20)	Final		1	1	0
Building Control (4.19/20)	Final		0	1	0
Follow Up 1 (5.19/20)	Final	Good Progress	3	3	0
Corporate Governance (6.19/20)	Final		3	1	0
Debtors and Debt Recovery (7.19/20)	Final		0	1	0
Cash and Banking (8.19/20)	Final		1	1	0
Main Accounting System (10.19/20)	Final		1	1	0

Apprenticeship Levy (12.19/20)	Final		0	1	0
Housing Benefits, Universal Credit and Council Tax Reduction Scheme (13.19/20)	Final		3	1	0
Payroll and Expenses (14.19/20)	Final		0	0	0
Council Tax (15.19/20)	Final		0	2	0

2.1 Impact of findings to date



Safeguarding (1.19/20)

Conclusion: Reasonable Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, three 'medium' and three 'low' priority findings were identified. Management actions were agreed in respect of all the findings.

The medium priority findings relate to:

- Sample testing of 20 new starters in regulated roles identified two instances where DBS Certificates were not maintained on file by the Council.
- Information on safeguarding is not displayed in the Civic Centre and no information on safeguarding is provided on the Council's website.
- A total of 80 safeguarding cases remained "open" on the Safeguarding Database. Many had been resolved but the system had not been updated by individuals responsible.



Emergency Planning and Business Continuity (3.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, one 'medium' and one 'low' priority findings were identified. Management actions were agreed in respect of both findings.

The medium priority finding relates to:

- Service areas within the Council had not completed a Business Impact Analysis and created a Business Continuity Plan and Recovery Action Plan.



Building Control (4.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, one 'medium' priority finding was identified. A management action was agreed in respect of the finding.

The medium priority finding relates to:

- Site inspections had commenced prior to the customer being invoiced for the inspection phase of the application.



Follow Up 1 (5.19/20)

Conclusion: Good Progress

Impact on Annual Opinion: Positive

As a result of testing undertaken, three 'medium' and three 'low' priority findings were re-raised. Management actions were agreed in respect of all the findings. Details are shown in the Action Plan attached to this report.



Corporate Governance (6.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, one 'medium' and three 'low' priority findings were identified. Management actions were agreed in respect of all the findings.

The medium priority finding relates to:

- A Register of Interests for all staff is not in place at the Council.



Debtors and Debt Recovery (7.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, one 'medium' priority finding was identified. A management action was agreed in respect of the finding.

The medium priority finding relates to:

- Sample testing of 20 aged debts identified two instances where escalation was not carried out in a timely manner.



Cash and Banking (8.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, one 'medium' and one 'low' priority findings were identified. Management actions were agreed in respect of both findings.

The medium priority finding relates to:

- Testing of 83 Flea Market stall's income identified that in three instances receipts were unclear and in one instance a receipt was not maintained and therefore could not be matched to the daily bankings taken.



Main Accounting System (10.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, one 'medium' and one 'low' priority findings were identified. Management actions were agreed in respect of both findings.

The medium priority finding relates to:

- Testing a sample of 20 virements identified four instances where the virement was processed prior to full authorisation and one instance where it could not be confirmed authorisation was prior to the processing of the virement.



Apprenticeship Levy (12.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, one 'medium' priority finding was identified. A management action was agreed in respect of the finding.

The medium priority finding relates to:

- The Council currently expects its apprenticeships to be completed in 15 months and this is reflected in the start and end dates recorded in the ILR and in the Apprenticeship agreement. We found that all the apprentices tested had a planned end date of either 28 February 2019 or 30 April 2019. However, at the time of audit, none of these apprentices have completed their apprenticeships. To have not completed, some six months after the expected end date, implies either that the planned duration of the apprenticeship is not realistic or that apprentices are not making the expected progress through their learning. The ESFA expects apprenticeship start and end dates to realistically reflect the time taken to deliver the required training. Once an apprenticeship passes its planned end date, no further funding can be claimed except for the completion payment, payable only after successful completion of the apprenticeship and the EPA.



Housing Benefits, Universal Credit and Council Tax Reduction Scheme (13.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, one 'medium' and three 'low' priority findings were identified. Management actions were agreed in respect of all the findings.

The medium priority finding relates to:

- A weekly reconciliation of cheques and BACS payments is made against the expected payment reports from Civica, before being processed and paid to claimants. There is segregation of duties throughout the process and any variances are investigated. Testing of the last 10 weeks BACS payments identified one week where the BACS process was conducted, authorised and paid by one member of staff. However, mitigating circumstances were present due to annual leave and illnesses in the team.



Payroll and Expenses (14.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

We did not consider it necessary to raise any management actions as a result of this audit.



Council Tax (15.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, two 'medium' priority findings were identified. Management actions were agreed in respect of both findings.

The medium priority findings relate to:

- Testing a sample of new liabilities within the current financial year identified three instances where notifications of new liabilities had been processed outside of the set 14-day period.
 - Testing a sample of refunds within the current financial year identified one instance where a refund batch had not been signed by an approver.
-

3 LOOKING AHEAD

Assignment area	Timing per approved IA plan 2019/20	Status	Target Audit Committee per the IA Plan 2019/20
Leisure Centres	Quarter 2	Draft Report Issued	November 2019
IT General Controls	Quarter 2	Draft Report Issued	November 2019
Recruitment and Retention *	Quarter 3	Not Yet Due	March 2020
Pre-Application Advice	Quarter 3	In Progress	March 2020
Risk Management	Quarter 4	Not Yet Due	March 2020
Follow Up 2	Quarter 4	Not Yet Due	March 2020

* See Section 4.1 for changes to audit timings.

4 OTHER MATTERS

4.1 Changes to the audit plan

It has been agreed with Management to bring forward the 'Main Accounting System' review to Quarter 2, move the 'Council Tax' review to Quarter 3 and move the Recruitment and Retention review to Quarter 4.

4.2 Quality Assurance and Continual Improvement

To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews being used to inform the training needs of our audit teams.

The Quality Assurance Team is made up of: Ross Wood (Manager, Quality Assurance Department) with support from other team members across the Department. All reports are reviewed by James Farmbrough as the Head of the Quality Assurance Department.

This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

4.3 Post Assignment Surveys

We are committed to delivering an excellent client experience every time we work with you. Your feedback helps us to improve the quality of the service we deliver to you. Currently, following the completion of each product we deliver we attached a brief survey for the client lead to complete.

We would like to give you the opportunity to consider how frequently you receive these feedback requests; and whether the current format works. Options available are:

- After each product (current option);
- Monthly / quarterly / annual feedback request; and
- Executive lead only, or executive lead and key team members.

APPENDIX A: INTERNAL AUDIT ASSIGNMENTS COMPLETED TO DATE

Report previously seen by the Audit Committee and included for information purposes only:

Assignments	Status	Opinion issued	Actions agreed		
			L	M	H
Flexible and Lone Working (02.19/20)	Final	Advisory	0	2	3

FOR FURTHER INFORMATION CONTACT

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This report is solely for the use of the persons to whom it is addressed. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Gedling Borough Council, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

HOUSING BENEFITS, UNIVERSAL CREDIT AND COUNCIL TAX REDUCTION SCHEME - EXECUTIVE SUMMARY

1.1 Background

An audit of Housing Benefits and the Council Tax Reduction Scheme (CTRS) was undertaken as part of the approved internal audit periodic plan for 2019/20. The purpose of the audit was to ensure that Housing Benefits and CTRS are processed accurately with the supporting documentation maintained on file to enable claimants to be paid on time.

Housing Benefit is a means tested social security benefit that is intended to help claimants meet their accommodation costs for rented properties and fees and can be paid directly to the claimant, the landlord or removed against their Council Tax for CTRS. The Service Manager – Revenues and Welfare Support Oversees the Housing Benefit function with day to day management being conducted by the Housing Welfare Support Manager.

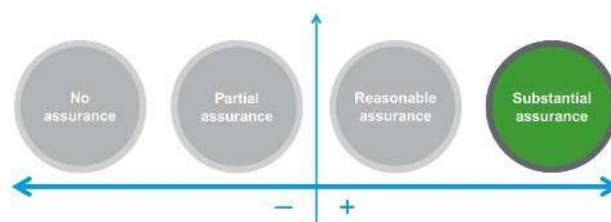
In this current financial year, to the date of the audit, the Council have processed 839 new claims for Housing Benefit and Council Tax Reduction, in which their average time for dealing with new claims has been 13 days. The Council's Housing Benefit function is managed through the Civica system, this allows for processing, monitoring, amending and making payments. The system also allows for the random selection of new claims and changes of circumstances to undergo a quality assurance check.

1.2 Conclusion

Our overall opinion was formed by undertaking interviews with key staff and sample testing on the processes in place to ensure that the controls upon which the Council relies on to manage the Housing Benefit and CTRS processes are being managed. Our review has confirmed that there is an adequate control framework in place, however, we have identified some control enhancements and non-adherence to controls. As such, a total of four management actions were agreed, consisting of one 'medium' and three 'low' priority actions.

Internal audit opinion:

Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the Council relies to manage the identified area(s) are suitably designed, consistently applied and operating effectively.



1.3 Key findings

The key findings from this review are as follows:

- Monthly reporting of Key Performance Indicator (KPI) statistics is undertaken. These come out of the Business Plan which are presented to the Overview and Scrutiny Committee on a quarterly basis and Senior Leadership Team on a monthly basis. It was confirmed the statistics have been maintained up to date at the time of the audit.
- Access to the Benefits system is restricted to nominated employees with only authorised staff being able to amend the system parameters. Testing the 15 users confirmed they were current employees and were deemed to have appropriate access.

- On an annual basis, the parameters are set based on circulars released from the Department for Work and Pensions. These are manually input by the Housing and Welfare Support Manager and checked by additional members of staff for accuracy. These are then tested in a test environment prior to going live for the new financial year.
- A Council Tax reduction transfer is completed prior to the start of the year and the amounts are agreed to the Civica system. Three reports (Benefits Council Tax Reduction Scheme Report, Council Tax Financial Control Report and the Council Tax Transactional Control Report) are produced which should all reconcile to demonstrate the transfer has been successful.
- A new claim is processed following the receipt of adequate supporting documentation and assessed in accordance with legislation. The Council use an external organisation who will run a check on all new claims and assign them a risk score (low, medium, or high). This risk score determines the level of supporting documentation required. Testing 20 new claims confirmed a risk score was allocated and supporting documentation was maintained on file.
- Changes in circumstances are only processed within the system following receipt of adequate supporting documentation, which is received prior to the date of the change being processed. Testing 20 changes in circumstances confirmed supporting documentation was maintained on file and the change was processed accurately.
- A sample of applications are re-assessed by a different Officer to that completing the initial assessment to ensure that the Housing Benefit claim has been correctly processed in line with current legislation.
- Claimants of Housing Benefit and CTRS are able to raise an appeal if they are dissatisfied with the outcome of a claim or overpayment. They raise these direct to the Council via email, letter or through the Council's website. Appeals are reviewed by the Council and passed to Tribunal where required for resolution.
- Write-offs of overpayments that cannot be collected are recorded and authorised appropriately. All write-offs are authorised prior to the amount being written off on the system. Testing 20 write-offs confirmed in all instances that these were approved in line with Scheme of Delegation prior to the write-off being processed.
- The Council have in place a procedure for identifying and actioning write-ons. The procedure is made available to staff within the Overpayment Policy.
- A Housing Benefit Subsidy Claim is completed annually by the Housing and Welfare Support Manager and is authorised by the Section 151 Officer by the deadline of 30 April. It was confirmed the deadline was adhered to.
- The feed from the Civica system to the Agresso Financial Management system is reconciled on a monthly basis, the reconciliation is signed as completed and reviewed by an independent Officer. Testing five months reconciliations confirmed they were conducted and reviewed independently, in a timely manner and no unreconciling items were present.
- The Housing and Welfare Support Officer runs a report from the CTRS system on a monthly basis, reconciling to a transaction and financial report from the Civica system in order to ensure Council Tax balances are correct. Testing five months reconciliations confirmed they were conducted and reviewed independently, in a timely manner and no unreconciling items were present.

However, testing identified the following weakness in the Council's control framework. As a result, management actions have been agreed to be implemented to mitigate the associated risks:

- Through review, it was confirmed the Housing Benefit Direct Payment Policy, Discretionary Housing and Hardship Fund Payments Policy and Overpayments Policy were requiring updating as the review dates had passed.
- Benefits staff have completed declarations or statement of interests identifying relatives and close friends claiming benefits, their access to amend the accounts of these claimants has been restricted to view only. Testing a sample of 15 declarations of interest confirmed in 14 instances these had not been conducted annually in line with procedure. The remaining employee is on maternity leave and therefore has not completed the declaration of interest form.

- Overpayments have a reason documented and the claimant is notified. Recovery action is completed to recover Council owed funds. Testing a sample of 20 overpayments confirmed in one instance the notification to the claimant of recovery action had not been sent. This was due to the letter failing to produce and not being picked up from the system.
- A weekly reconciliation of cheques and BACS payments is made against the expected payment reports from Civica, before being processed and paid to claimants. There is segregation of duties throughout the process and any variances are investigated. Testing of the last 10 weeks BACS payments identified one week where the BACS process was conducted, authorised and paid by one member of staff. However, mitigating circumstances were present due to annual leave and illnesses in the team.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Area	Control design not effective*		Non-Compliance with controls*		Agreed Management Actions		
	0	(17)	4	(17)	Low	Medium	High
Housing Benefits, Universal Credit and Council Tax Reduction Scheme	0	(17)	4	(17)	3	1	0
Total					3	1	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 DETAILED FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
4	A weekly reconciliation of cheques and BACS payments is made against the expected payment reports from Civica, before being processed and paid to claimants. There is segregation of duties throughout the process and any variances are investigated.	Yes	No	<p>Testing of the last 10 weeks BACS payments confirmed in nine instances segregation of duties was apparent throughout the process with two members of staff involved in preparing, authorising and submitting the BACS payments. It was confirmed the values matched on all reports and independent spot checks of bank details were conducted.</p> <p>However, in one instance the whole BACS run was prepared, authorised and submitted by one Team Leader. This was due to absence of the other Team Leader and Housing and Welfare Support Manager.</p> <p>There is a risk errors and omissions may not be detected without the</p>	Medium	Where absences occur with Team Leaders or the Housing and Welfare Support Manager, an additional member of staff will be used to check the values on the BACS reports to ensure these are consistent throughout the BACS run.	30 November 2019	Housing and Welfare Support Manager

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				<p>independent review of the BACS process.</p> <p>A weekly reconciliation of cheques and BACS payments is made against the expected payment reports from Civica, before being processed and paid to claimants. There is segregation of duties throughout the process and any variances are investigated.</p>				

PAYROLL AND EXPENSES - EXECUTIVE SUMMARY

1.1 Background

A review of payroll and expenses was undertaken as part of the approved internal audit plan for 2019/20.

The Council's payroll is managed using the Resource Link system provided by Northgate. Resource Link is an integrated system, including both a human resources and a payroll module. Standard forms have been developed for use by staff members, including new starter and leaver forms.

The majority of the Council's employees have access to 'My View', providing electronic access to payslips and allowing amendments to personal details to be processed as and when required. Certain staff members who do not have IT access as part of their role are provided with physical paper payslips.

Segregation of duties is maintained, with forms authorised by an appropriate officer prior to arrival in the payroll function and data input onto the payroll system is reviewed by an independent officer. In addition, full details of all new starters and leavers is provided by the Personnel Manager and payroll processing staff take no part in the personnel function. In the month of September 2019, 618 members of staff were processed for payment totalling around £724,000.

The payroll function is overseen by the Senior Assistant Accountant (Exchequer Management) with the day-to-day processing carried out by the Assistant Accountant (Payroll Management) and the Payroll Assistant.

In addition to processing the Council's payroll, the processing of payroll on behalf of Rushcliffe Borough Council is carried out and a formal Service Level Agreement is in place between the two authorities. Separate payrolls are produced for over 300 employees at Rushcliffe Borough Council.

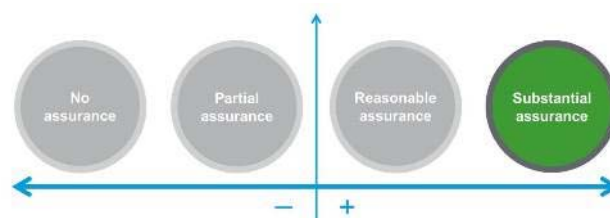
1.2 Conclusion

There is an appropriate control framework in place for payroll. Our audit review has confirmed that the general control framework relating to payroll is robust and operating effectively. We identified no issues that required us to comment upon or to raise management actions that would require improvement actions to be taken.

As part of this review we have used data analytics software (IDEA) to provide insight into payroll data and ensuring accuracy in the Council's payroll. No exceptions were found as a result of this testing.

Internal audit opinion:

Taking account of the issues identified, the Council can take **substantial assurance** that the controls upon which the organisation relies to manage the identified area are suitably designed, consistently applied and operating effectively.



1.3 Key findings

The key findings from this review are as follows:

- Detailed procedure notes are in place providing staff with guidance on how to process expense claims, overtime and how to process the payroll.
- An authorised signatories list is in place, detailing those staff permitted to authorise starters, leavers, amendments, expenses and payments.
- Access to the Resource Link system is restricted to authorised personnel and through testing a sample of 10 members of staff it was confirmed they were all current employees.
- Starters and leavers checklists are completed for all employees joining or leaving the Council with built in checks and segregation of duties to ensure accurate and timely processing.
- Testing a sample of 20 starters and leavers found appropriate documentation had been completed and maintained on file.
- Testing a sample of 20 involuntary and five voluntary deductions identified in all instances these were processed on receipt of appropriate notification and these are retained on file.
- A sample of 20 additional payments were reviewed. In all instances a supporting notification form had been maintained on file for each claim which had been appropriately authorised by a line manager.
- Sample testing of 20 expense claims confirmed all instances were appropriately authorised with supporting documentation maintained on file and checking to the payslip confirmed the amount matched.
- For all BACS payments completed during the current financial year, it was confirmed an exception report had been produced and reviewed and the BACS had been authorised in line with delegated authorities with segregation of duties apparent.
- Exception reports are produced each month which identifies variances to the previous months' payroll. Variances are investigated, and it was confirmed for the six months tested in the current financial year, this report had been produced and signed as evidence of review.
- Monthly P32 payments are made to the HMRC as required prior to the 22nd of the following tax month. The P32 payments include all PAYE, student loan deductions and National Insurance contributions for the month in question.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Area	Control design not effective*		Non Compliance with controls*		Agreed management actions		
	0	(26)	0	(26)	Low	Medium	High
Payroll and Expenses	0	(26)	0	(26)	0	0	0
Total	0	0	0	0	0	0	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

COUNCIL TAX - EXECUTIVE SUMMARY

1.1 Background

A review of Council Tax was undertaken at Gedling Borough Council (the Council) as part of the approved internal audit periodic plan for 2019/20.

Council Tax is a local taxation system used in England, Scotland and Wales, introduced by the Local Government Finance Act 1992. The Local Government Finance Act 1988 provided an administrative framework for assessing and billing non-domestic rates.

The Valuation Office Agency (VOA) is an executive agency of HM Revenue & Customs (HMRC) and provides the Government with valuations and property advice required for taxation and benefits. The VOA compiles and maintains lists of Council tax bands and details the rateable value of non-domestic properties for business rates. Changes to these bands and values are notified by collecting authorities such as the Council on an ongoing basis for them to action.

The Council serves as a billing authority for Nottinghamshire County Council, the Nottinghamshire Police and Crime Commissioner, the Combined Fire Authority and eleven parish councils. During the financial year of 2018/19 the Council collected £68m of Council tax, with £5.7m retained for its own services. This represented a collection of 98.5 per cent of Council tax due for the year.

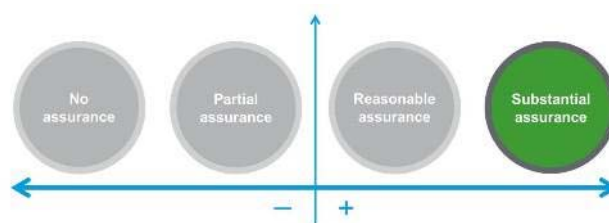
Write offs are processed in batches and are approved by the Deputy Chief Executive and Director of Finance. At the time of audit, £33,095.70 was written off for Council tax since the start of the current financial year.

1.2 Conclusion

The review of Council Tax identified that overall the control framework is well designed and operating effectively. However, two weaknesses in compliance with the established control framework have been identified which has resulted in two medium priority management action being agreed. The reported exceptions relate to the setting up of new liabilities and the authorisation of refund payment batches.

Internal audit opinion:

Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the Council relies to manage the identified area is suitably designed, consistently applied and operating effectively.



1.3 Key findings

The key findings from this review are as follows:

Our audit review identified that the following controls are suitably designed, consistently applied and are operating effectively:

- The Council has a Fair Collection and Debt Recovery Policy in place. The policy provides provide guidance to staff, members and customers for the effective payment and recovery of Council Tax debts.
- Procedure notes are in place for the Revenues Department. The procedure notes set out the processes for key daily tasks undertaken by the department.

- The Council Tax Base and Rates are approved annually by Council. The Council Tax Base and Rates for the year ending 31 March 2020 were approved by Council at its meeting on 04 March 2019.
- Billing parameters in relation to precepts and charges are accurately inputted within the Civica System on an annual basis.
- Council Tax staff members complete an annual declaration stating any conflicts of interest. A Register of Interests is maintained on file by the Revenues Department and is updated on an ongoing basis.
- Systems access is restricted for staff with Council Tax accounts in the Borough. Access is blocked for personal accounts and the accounts of any declared interests.
- Access to the Council Tax Module within the Civica System is limited to current members of staff in line with their job roles and responsibilities. Leavers are disabled and removed from the system in a timely manner.
- A Revenues Services Recovery Calendar is in place which sets out the dates by which key tasks should be actioned in relation to Council Tax debt recovery.
- Council Tax demands are issued on an annual basis during March each year. A reconciliation is completed between the Civica System and number of bills issued to ensure that the correct number and value of demand notices were issued.
- All discounts, exemptions and reliefs are granted, in accordance with the eligibility requirements specified in Government eligibility guidance. The claims are granted following receipt of suitable supporting evidence, in line with the figures approved by Council. All supporting evidence is maintained on the Civica system.
- The Revenues Department proposes write offs on an on-going basis. Proposed write offs are batched together and sent for approval on a monthly basis. Appropriate approval based on the write off value is received prior to being actioned within the Civica System.
- Monthly reconciliations between the Civica and Agresso Finance System are completed for all Council Tax payments and refunds. Reconciliations are completed in a timely manner and reviewed by the Revenues Team Leader.
- The Valuation Office Agency (VOA) issues a schedule of changes to rating valuations on a weekly basis. A reconciliation is completed between the schedule and Council Tax standing data and all variances are identified and rectified.
- Each month a report is sent to the Revenues Department by the Planning and Building Control Departments detailing any new commencements or completions of dwellings. This allows the Revenues Department to identify any new properties/businesses within the area which are currently liable or will be liable for Council Tax at a future date.
- Void properties are inspected by the Revenues Department's dedicated property inspector on a cyclical basis to ensure that Council Tax liability is promptly identified and actioned by the Revenues Department.
- Council Tax debts are recovered in accordance with the Fair Collection and Debt Recovery Policy and the Revenues Services Recovery Calendar. First, second and final reminder letters are issued in a timely manner. If arrears continue to persist, the Council will transfer the debt to a collection agent or apply for a liability order.
- The Revenues Department carries out an annual canvassing exercise on applied discounts, exemptions and reliefs to ensure they are still valid and applicable.

However, the following areas of non-compliance with the established control framework were identified:

- Testing a sample of new liabilities within the current financial year identified three instances where notifications of new liabilities had been processed outside of the set 14-day period.
- Testing a sample of refunds within the current financial year identified one instance where a refund batch had not been signed by an approver.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Area	Control design not effective*		Non Compliance with controls*		Agreed management actions		
	Low	Medium	High	Low	Medium	High	
Council Tax	0	(18)	2	(18)	0	2	0
Total	0				0	2	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 DETAILED FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
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Area: Council Tax

1	New accounts are set up with 14 days of the Council receiving the new liability notification. Once a new account has been created, a demand notice is issued within 24 hours of the liability being processed.	Yes	No	A sample of 20 new liabilities were selected and tested from the current financial year. In 16 instances it was confirmed that the new liability notification had been processed and set up on the Civica system within the set 14-day period. One instance was noted where a notification had not been processed for a period of 16 days, however, it was confirmed that this was due to delay in the applicant providing information requested by the Council. However, three instances were noted where notifications of new liabilities had been processed outside of the set 14-day period, with the longest delay being 20 days.	Medium	All new liabilities will be processed and set up on the Civica system within 14 days of the Council receiving original notification.	31 December 2019	Revenues Manager
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Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				If new liabilities are not processed within the set 14-day period following notification to the Council, there is a risk that demand notices will not be issued in a timely manner.				
2	Refunds arising from over-payments or adjustments to circumstances and rateable values are authorised by the Service Manager - Revenues and Welfare Support. All supporting documentation for refunds is maintained on the Civica System.	Yes	No	<p>A sample of 20 refunds were selected and tested from the current financial year.</p> <p>In all instances supporting evidence had been maintained on file within the Civica System to support the refund request.</p> <p>in 19 instances it was confirmed that the relevant refund batches had been appropriately approved prior to the refunds being processed for payment.</p> <p>However, one instance was noted where a refund batch had not been signed by an approver.</p> <p>Through further investigation it was confirmed that the report had been reviewed by the Service Manager - Revenues and Welfare Support and emailed to the Creditors Department for processing.</p> <p>If refund batches are not reviewed and authorised prior to payment there is a risk of inappropriate payments being made, resulting in financial loss to the Council.</p> <p>Additionally, it was noted that the refund batches are being signed off via a picture of an electronic signature. This is not a secure method of authorising the refund batch reports and poses a risk of the electronic signature being used by someone who is not an approver, due to a lack of authentication.</p>	Medium	All refund batches will be authorised via email and the evidence of authorisation will be retained on file.	31 December 2019	Deputy Chief Executive and Director of Finance