Internal Audit & Corporate Fraud Services

IBC COUNCIL TAX 2016-17

Report issued by:	Siobhan Martin - Head of Internal Audit
Report prepared by:	Carolyn Buddle
Date:	04/2017
Audit Reference:	SRPi013

DISTRIBUTION

Executive Portfolio Holder	S Meudec
Audit & Governance Committee	
Chief Executive	R Williams
Chief Operating Officer	H Pluck
Head of Resource Management	D Field
Section 151 Officer	J Hudson
Operations Manager	A Wilcock A Mayes
External Audit	T Meyer

FINAL

1.0   EXECUTIVE SUMMARY

1.1.1   Introduction

Internal Audit & Corporate Fraud Services acts in accordance with the Accounts and Audit Regulations (2015), Public Sector Internal Audit Standards and Local Government Application Note (2013). This audit has been prepared in accordance with our Audit Charter.

As part of the Audit Plan 2016/17 approved by the Audit & Governance Committee 1st March 2016, we have undertaken an audit of the systems of internal control in place over Council Tax.

The following Council Tax comparative data has been obtained from the SRP Team.

	As at 31/03/16	As at 31/03/17
Number of Properties registered for Council Tax	60,454	60,737
Number of exempted properties	1,024	1,012
Number of discounted properties	21,811	21,861
Council Tax collected in year	£58,584,827	£60,750,500.28
% collection rate	96.21%	96.44%

This report sets out our findings. No recommendations have been raised as testing identified no areas of weakness and / or non-compliance with existing controls.

1.1.2   Audit Scope & Objectives

The primary focus of this audit was to review the extent to which the assessed risks are being managed. In addition, the audit reviewed compliance with the Council's own agreed policies and procedures.

In planning this audit, a risk assessment was undertaken, with the following considered to represent the potential key risks relating to Council Tax which could impact on the Council's ability to deliver relevant Council Priorities and service objectives:

Precepts
Failure to ensure precepts are entered accurately may result in inaccurate liabilities and reputational damage.

Exemptions and Discounts
Failure to review exemptions and discounts in a timely manner may result in financial loss.

Valuation Office Reconciliations
Rates due to the Council may not be correctly identified and collected resulting in loss of revenue to the Council

NRB to General Ledger Reconciliation
Council Tax monies received or refunded may be incorrectly posted resulting in misstatement of entries in the main financial system.

Segregation of Duties

Inappropriate level of control or access vested in one person could result in input and processing mistakes being made, and / or misappropriation of income and potential loss of revenue to the Council.

The objective of the audit was to ascertain the extent to which the identified risks have been managed and to evaluate whether effective controls to mitigate the risks have been established, and have been operating effectively throughout the period under review.

1.2   ASSURANCE STATEMENT

1.2.1   Overall Assurance Level**

Good	Adequate	Limited	Unsatisfactory
✔			

** For definitions see Appendix A

1.2.2   Positive Audit Comments

We would like to draw management attention to key controls in operation over IBC Council Tax 2016-17 processes and procedures that were operating effectively and efficiently:

- Council Tax precepts per property band are input on to the Council Tax system before the start of the financial year and reviewed for accuracy by a Senior Officer.
- Council Tax exemptions/discounts are reviewed and exceptions followed up.
- The Council ensures the record of properties and the total rateable value as per the Council Tax system reconciles to the list of properties and total rateable value notified to them by the Valuation Office.
- The Council Tax system is reconciled to the General Ledger on a monthly basis.
- Appropriate segregation of duties and restricted access is ensured.

1.2.3   Audit Report Follow-up

No recommendations were made in the previous audit report, SRPi007 Council Tax 2015-16.

1.2.4   Control Issues

This review has not identified any control areas where we consider that key improvements to current processes and procedures are needed or where there is the potential risk of fraud and corruption.

1.2.5   Adequacy of Individual Control Areas

Control Area	Adequacy assessment **	Number of recommendations raised		
		High**	Medium**	Low**
Precepts	Good	0	0	0
Exemptions and Discounts	Good	0	0	0
Valuation Office Reconciliations	Good	0	0	0
Monthly Reconciliation NRB/GL	Good	0	0	0
Segregation of Duties	Good	0	0	0
Total recommendations raised	0	0	0	0

** For definitions see Appendix A

1.3   ACKNOWLEDGEMENTS

We would like to thank management and staff for their co-operation during the course of this audit.

APPENDIX A

2.0 OVERALL ASSURANCE LEVEL

Control Adequacy Assessments

We have four categories by which we classify our overall level of assurance of the processes examined and, also, the adequacy of the individual key control areas. They are defined as follows:

Good	All controls are being applied consistently and effectively. This means that all the control areas in the audit are being properly managed and the associated risks are being mitigated.
Adequate	Controls exist but there is some inconsistency in their application. This means that a few of the risks in the audit may need attention.
Limited	Some controls do not exist. This means that a reasonable number of the risks in the audit need attention.
Unsatisfactory	A significant number of controls do not exist and/or there are major omissions in the application of controls. This means that a significant number of risks in the audit are not being properly managed.

3.0 RECOMMENDATION PRIORITIES

We have three categories by which we classify our recommendations. They are defined as follows:

High	A top priority due to the absence of or non-compliance with a fundamental control process, creating the risk that significant error or malpractice could go undetected. These recommendations should normally be implemented within 1 to 3 months.
Medium	An important issue, which is needed to bring the internal control system up to an adequate standard or eliminate a serious level of non-compliance with an existing control process. These recommendations should normally be implemented within 1 to 6 months.
Low	An issue, which, if addressed, would contribute towards raising the standard of internal control to a level higher than adequate or help to reduce a less serious level of non-compliance with an existing control process. These recommendations should normally be implemented within 12 months.