



Council Tax & NNDR 2014/15

City of York Council

Internal Audit Report

Business Unit: Customer & Business Support Services
Responsible Officer: Director of Customer & Business Support Services
Service Manager: Head of Financial Procedures
Date Issued: 13/08/2015
Status: Final
Reference: 10310/006

	P1	P2	P3
Actions	0	0	1
Overall Audit Opinion	High Assurance		

Summary and Overall Conclusions

Introduction

One of the council's key funding streams for the provision of its services is the taxes raised in domestic properties (council tax) and local businesses (National Non-Domestic Rates – NNDR). In 2014/15 the service will process bills for approximately 86,300 domestic properties and 6,300 businesses. Net liability for the year is approximately £92 million for Council Tax and £102 million for NNDR. Target collection rates for the year are 97.8% for Council Tax and 98.5% for NNDR.

A City of York council tax bill is made up of the amount levied by City of York Council and precepts for the North Yorkshire Police Authority, the North Yorkshire Fire and Rescue Authority and, for properties in a parished area of the city, the individual Town or Parish council.

Billing and collection of Council Tax and NNDR is the responsibility of Financial Services and is delivered through four separate teams: the Customer Centre, NNDR, Council Tax Administration and Debt Recovery.

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- The authority maintains an accurate database of taxable properties and liable persons;
- Bills and demand notices are calculated and issued correctly, in a timely manner and apply legitimate discounts, exemptions, disregards and reliefs;
- Council tax and business rates income is correctly accounted for and income is correctly recorded;
- Arrears are promptly and effectively pursued;
- Refunds and write-offs are legitimate, correctly processed and authorised;
- The required returns are made to central government;
- Customer data is held securely on the council tax and business rates systems;¹
- Customer service representatives manage customer expectations according to council service standards.

¹ This objective is now being tested as part of a separate Access to Key IT systems audit

Key Findings

Overall there is a strong control framework in operation in the council tax, business rates and recovery teams. The Northgate SX3 systems ensures a large number of preventative controls are in place and this is supported by regular and varied monitoring reports which should enable the identification of issues. As a result there is a high level of assurance that the risks present in this area are being effectively managed.

XXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXX The small number of issues that were found during the audit were discussed with the service manager. These issues did not appear to represent significant control weaknesses within the system and therefore no finding has been raised.

The only finding in the report relates to the delegation limits for the authorisation of refunds; this is described below.

Overall Conclusions

It was found that the arrangements for managing risk were very good. An effective control environment appears to be in operation. Our overall opinion of the controls within the system at the time of the audit was that they provided High Assurance.

1 Authorisation of Refunds

Issue/Control Weakness

Refunds are being authorised that are above the delegated authority limit for officers.

Risk

Inappropriate refunds may be given.

Findings

20 accounts that had received a refund were tested during the audit including 9 council tax accounts. For the 9 council tax accounts, all were authorised by one of the council tax team leaders on the system however in four of these cases the refund was for over £2000 which is above the delegated authority limit for these officers.

Agreed Action 1.1

Team leaders will be reminded that refunds over their delegation limit requires authorisation from an officer with the appropriate limit.

The income manager will review the process to ensure that the authorisation limit for council tax team leaders is appropriate. The limits will be adjusted if it is identified that this would be appropriate given the volume and value of refunds that require authorisation.

Priority

3

Responsible Officer

Income Manager

Timescale

31/10/2015

Audit Opinions and Priorities for Actions

Audit Opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.

Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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