

REPORT TO: Audit and Governance Committee

MEETING DATE: 19 June 2012

BY: Executive Director (Support Services)

SUBJECT: Internal Audit Report – Non-Domestic Rates Liability

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Non-Domestic Rates Liability.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan for Non-Domestic Rates Liability.

3 BACKGROUND

- 3.1 A review of the internal controls surrounding the administration of Non-Domestic Rates Liability was undertaken as part of the Audit Plan for 2011/12.
- 3.2 The objective of the audit was to ensure that liability for non-domestic rates was correctly calculated for all chargeable properties in East Lothian.
- 3.3 The main findings from our audit work are outlined in the attached report.

4 POLICY IMPLICATIONS

- 4.1 None

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

6.1 Financial - None

6.2 Personnel - None

6.3 Other - None

7 BACKGROUND PAPERS

7.1 None

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EAST LOTHIAN COUNCIL – INTERNAL AUDIT NON-DOMESTIC RATES – LIABILITY

1. EXECUTIVE SUMMARY

1.1 Introduction

A review of the internal controls surrounding the administration of Non-Domestic Rates Liability was undertaken as part of the Audit Plan for 2011/12. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- The Capita system has been correctly set up to ensure that liability for Non-Domestic Rates is properly determined – the charge is calculated on a daily basis in accordance with legislation.
- Systems are in place to ensure that parameters for key reliefs and exemptions are correctly updated on the Capita system.
- Adequate procedures are in place to ensure that mandatory reliefs are correctly applied to ratepayers' accounts in accordance with legislation.
- Procedures are in place to ensure that review forms are sent to ratepayers to confirm their continuing entitlement to reliefs and exemptions.

1.3 Areas with Scope for Improvement

- The procedures in place for the award of discretionary rates relief require review. *Risk – inconsistencies may occur in the award of discretionary reliefs.*
- There was a lack of documentary evidence to support the award of unoccupied property relief. *Risk – lack of a clear audit trail.*
- No planned programme of visits is currently undertaken for properties receiving unoccupied property relief. *Risk – reliefs and exemptions awarded may not be valid.*
- The monitoring arrangements for the award of Small Business Bonus Scheme relief require review. *Risk – failure to apply the relief scheme accurately.*
- The rural settlement list currently held is not updated on an annual basis and made available for public inspection. *Risk – failure to comply with legislation.*

1.4 Summary

Our review of Non-Domestic Rates Liability identified a number of areas with scope for improvement. Detailed recommendations and opportunities for improvement are contained in our main audit report.

NON-DOMESTIC RATES – LIABILITY

ACTION PLAN

PARA REF	RECOMMENDATION	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.4.1	Adequate monitoring arrangements should be put in place to ensure that Small Business Bonus Scheme Relief is properly applied.	Business Rates Team Leader	Agreed – a report of properties in receipt of SBBS relief will be reviewed every 6 months.		November 2012
3.4.2	Documentary evidence should be available to support the award of unoccupied property relief. The notes page on the Capita system should be updated when confirmation has been received that a property is empty.	Business Rates Team Leader	Agreed		July 2012
3.4.4	A risk assessment should be carried out to identify specific categories of empty properties that should be visited. For all visits undertaken a case report should be completed and scanned on to the Anite system as evidence of the visit being carried out. The inspections register should be updated to record the dates of actual visits to empty properties.	Business Rates Team Leader	Agreed		October 2012

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3.4.5	Management should ensure that the rural settlement list is updated on an annual basis and made available for public inspection.	Business Rates Team Leader	Agreed – the list will be made available on the Council’s website.		July 2012
3.4.7	The existing procedures in place for awarding discretionary rates relief should be reviewed.	Revenues Manager	Agreed – current procedures to be reviewed.		November 2012
3.5.1	Regular reports should be produced to monitor variations in claims for reliefs and exemptions – significant variances should be investigated.	Business Rates Team Leader	Agreed – a report will be produced when the financial return is completed.		November 2012