

REPORT TO: Audit and Governance Committee

MEETING DATE: 19 March 2013

BY: Executive Director (Support Services)

SUBJECT: Internal Audit Report – Council Tax

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Council Tax.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan for Council Tax.

3 BACKGROUND

- 3.1 A review of Council Tax reconciliations was undertaken as part of the audit plan for 2012/13.
- 3.2 The main objective of the audit was to ensure that the arrangements in place for undertaking Council Tax reconciliations were operating effectively.
- 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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DATE	8 March 2013

EAST LOTHIAN COUNCIL – INTERNAL AUDIT COUNCIL TAX

1. EXECUTIVE SUMMARY

1.1 Introduction

A review of Council Tax reconciliations was carried out as part of the Audit Plan for 2012/13. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- Reconciliations are undertaken to ensure that the total number of properties in each band on the Capita system, reconciles to the property control totals on the Assessor's interface report.
- The total number of bills produced as part of the annual billing run is reconciled to the total number of live properties on the Capita system.
- The opening gross Council Tax debit is reconciled to the total number of chargeable properties on the Capita system.
- Systems are in place to ensure that new and amended Council Tax bills are properly raised and issued as part of the weekly billing run.
- Adequate procedures are in place to ensure that all income collected through the cash receipting system is correctly posted to both the Capita system and the general ledger.
- Systems are in place to ensure that the monthly balances from the Capita system are correctly reflected in the general ledger.

1.3 Areas with Scope for Improvement

- There was insufficient information or explanations on file to support the adjustments made during the annual billing process for scheduled accounts. *Risk – lack of a clear audit trail.*
- There was a lack of segregation of duties in respect of the printing and dispatch of 'failed' bills. *Risk – errors and irregularities may remain undetected.*
- The existing arrangements for changing passwords require review – passwords for encrypted files were not changed on a regular basis. *Risk – unauthorised access may occur.*

1.4 Summary

Our review of Council Tax reconciliations identified a number of areas with scope for improvement. Detailed recommendations and opportunities for improvement are contained in our main audit report.

ACTION PLAN

PARA REF	RECOMMENDATION	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.1.1	Management should ensure that reconciliations of properties between the Capita system and the Assessor's report are undertaken timeously.	Revenues Manager	To be confirmed		
3.1.2	A person independent of processing should check the reconciliation of the property control totals and sign the reconciliation sheet as evidence of the check being carried out.	Revenues Manager	To be confirmed		
3.2.1	Management should ensure that a clear audit trail exists for all adjustments made to the number of bills produced during the annual billing process.	Systems and Control Team Leader	Agreed		April 2013
3.2.3	Management should ensure that there is adequate separation of duties in place for the printing and dispatch of 'failed' bills.	Systems and Control Team Leader	Agreed		April 2013
3.2.5	Evidence should be obtained to confirm the date of dispatch for Council Tax bills.	Systems and Control Team Leader	Agreed		April 2013

PARA REF	RECOMMENDATION	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.2.6	<p>The password for the encrypted files should be changed regularly.</p> <p>For all 'failed' bills, the notes page on the Capita system should clearly record when revised bills have been issued.</p>	<p>Systems and Control Team Leader</p> <p>Systems and Control Team Leader</p>	<p>Agreed</p> <p>Agreed</p>		<p>April 2013</p> <p>April 2013</p>