

**REPORT TO:** Audit and Governance Committee

**MEETING DATE:** 20 February 2018

**BY:** Depute Chief Executive (Resources & People Services)

**SUBJECT:** Internal Audit Report – Council Tax Liability

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**1 PURPOSE**

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

**2 RECOMMENDATION**

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

**3 BACKGROUND**

- 3.1 A review of Council Tax Liability was undertaken as part of the audit plan for 2017/18.
- 3.2 The main objective of the audit was to ensure that the internal controls in place 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 INTEGRATED IMPACT ASSESSMENT**

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

## **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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<b>DATE</b>	8 February 2018

## **EAST LOTHIAN COUNCIL – INTERNAL AUDIT COUNCIL TAX – LIABILITY**

### **1. EXECUTIVE SUMMARY**

#### **1.1 Introduction**

A review of the internal controls surrounding the administration of Council Tax Liability was undertaken as part of the Audit Plan for 2017/18. A summary of our main findings is outlined below.

#### **1.2 Areas where Expected Controls were Met**

- Adequate arrangements are in place to ensure that liability for Council Tax is properly determined.
- The Capita system has been correctly set up to calculate the Council Tax charge on a daily basis in accordance with legislation.
- A clear audit trail exists for all discounts and exemptions awarded – the Capita system records the type of discount or exemption applied and the dates of entitlement.
- Adequate documentation was held to support the discounts and exemptions awarded.
- For deceased taxpayers, appropriate procedures are in place to ensure that liability for Council Tax ceases the day before the date of death and that exemptions are applied whilst awaiting probate.
- For disability band reductions awarded, the taxpayer's Council Tax charge had been correctly reduced to one band below the Assessor's valuation of the property.
- Regular reviews are undertaken of taxpayers in receipt of discounts, exemptions and disability band reductions.

#### **1.3 Areas with Scope for Improvement**

- The existing arrangements in place for inspecting empty properties require review. *Risk – exemptions awarded may be inappropriate.*
- In some instances, there had been a failure to obtain appropriate documentation to support the backdated award of disability band reductions. *Risk – lack of a clear audit trail.*
- The existing arrangements in place for assessing entitlement to disability band reductions require review. *Risk – inappropriate awards may be made.*

#### **1.4 Summary**

Our review of Council Tax Liability has identified some areas with scope for improvement. Detailed findings and recommendations are contained in our main Audit Report.

**Mala Garden**  
**Internal Audit Manager**

**February 2018**

**ACTION PLAN**

<b>PARA REF</b>	<b>RECOMMENDATION</b>	<b>GRADE</b>	<b>RESPONSIBLE OFFICER</b>	<b>AGREED ACTION</b>	<b>RISK ACCEPTED/ MANAGED</b>	<b>AGREED DATE OF COMPLETION</b>
3.4.1	<p>Management should ensure that disability band reductions are only applied to eligible applicants – eligibility should be confirmed via a visit to the property to establish if the relevant criteria are being met.</p> <p>Management should ensure that adequate evidence is held to confirm the applicant’s disability – consideration should be given to reviewing the existing application form to include an additional section to be completed by a Registered Medical Practitioner.</p>	Medium	Council Tax Team Leader	Agreed – the procedures will be reviewed in the new financial year.		April 2018
3.4.2	Management should ensure that adequate evidence is held to support all backdated awards of disability band reduction.	Medium	Council Tax Team Leader	Agreed		April 2018
3.5.2	<p>Management should ensure that the correct category of exemption is awarded to taxpayers.</p> <p>Consideration should be given to introducing an application form for taxpayers entitled to the Prescribed Housing Support Accommodation exemption.</p>	Medium	Council Tax Team Leader	Agreed		April 2018

<b>PARA REF</b>	<b>RECOMMENDATION</b>	<b>GRADE</b>	<b>RESPONSIBLE OFFICER</b>	<b>AGREED ACTION</b>	<b>RISK ACCEPTED/ MANAGED</b>	<b>AGREED DATE OF COMPLETION</b>
3.6.2	Management should ensure that appropriate arrangements are in place for visiting empty properties – an assessment should be carried out to identify specific categories of empty properties that should be inspected.	Medium	Council Tax Team Leader	Agreed		April 2018

### **Grading of Recommendations**

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
<b>High</b>	Recommendations which are fundamental to the system and upon which Management should take immediate action.
<b>Medium</b>	Recommendations which will improve the efficiency and effectiveness of the existing controls.
<b>Low</b>	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.