

**AUDIT REPORT 22'009**

**COUNCIL TAX SYSTEM**

**Executive Summary**

The annual audit plan for 2021/22 provides for an audit review to be undertaken of the systems and controls in place to ensure the accuracy and completeness of Council Tax data. The review forms part of the yearly audit coverage of core Council systems.

The Council Tax Service administers and collects Council Tax for approximately 46000 residential properties in Moray. The Service also administers and collects charges for domestic water and sewerage on behalf of Scottish Water. The Council maintains a database of residential properties and updates it for changes of owners and residents, and also processes applications for exemptions and discounts.

The audit scope reviewed key controls in operation within the Council Tax System with regard to billing, collection and refund processes. This involved looking at the controls and procedures in the administration of Council Tax accounts concerning the billing of accurate and timely demand notices to all relevant ratepayers, accounting fully and promptly for monies collected by various means from a large number of ratepayers, and escalating appropriate recovery practices when debts remain unpaid.

The review has covered the systems in place within the current 2021/22 financial year. The systems and processes are complex however extensive audit testing has confirmed the application of sound controls. These provide assurances on the accounting arrangements for this major income stream to the council with audit observations confined to:

- No documented procedures have been developed to record key systems and processes. It is appreciated that current officers have extensive experience, but the development of a systems procedures manual would be useful as a point of reference and for business continuity purposes.
- It was noted that no regular reviews are undertaken for credit balances remaining on a ratepayers account. It appreciated the Section had considerable workload demands, especially during the pandemic and the administration of Covid related grants. However, consideration should be given to regularly reviewing the Council Tax Database and to undertake the appropriate action regarding a credit balance noted on a ratepayers account, e.g., refund.

The audit was carried out in accordance with Public Sector Internal Audit Standards (PSIAS).

Recommendations

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.	Low	Lower level controls absent, not being operated as designed or could be improved.	
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
<b>Key Control:</b> Billing is carried out in accordance with regulations and on an accurate and prompt basis.						
5.01	Systems and procedures followed in administering the Council Tax system should be formally documented to provide a comprehensive reference point for staff.	Medium	Yes	The lack of detailed written procedures is accepted as a weakness. Work will be started on a project plan to document systems and processes. Delivery of the outcomes from this project will be dependent on competing service demands and staffing resources.	Taxation Manager	Ongoing

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.		Low	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
<b>Key Control:</b> Collection of Council Tax is carried out in accordance with Statutory and Authority regulations, is fully evidenced in terms of documentation of all payment sources and transactions and refunds are appropriately controlled.						
5.02	Consideration should be given to regularly reviewing the Council Tax Database and action undertaken regarding a credit balance noted on a ratepayers account e.g. refund.	Low	Yes	Taxation services already follow procedures which seek to ensure that overpayments are refunded promptly to taxpayers. This may involve contacting taxpayers to obtain information. If no response is received, this is not always followed up due to competing service demands and limited staff resources. It is intended that a more rigorous procedures will be developed, and these should be in place by 31 December 2022.	Taxation Manager	31/12/2022

