

Internal Audit Report

National Non-Domestic Rates 2023/24

Draft report: 20 February 2024

Final report: 26 March 2024

Last audited: February 2023: (Satisfactory)

Audit Objective To provide assurance on the effectiveness of NNDR processes and controls at South and Vale.

Assurance Opinion		Number of Actions					Key Risks Reviewed
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Priority	Joint	South	Vale	Reference	<ul style="list-style-type: none"> • Amendments to values are not monitored. • Exemptions and reliefs are not reviewed. • Incorrect liability is assessed. • NNDR bills are not in line with legislation. • Payments are not recorded accurately. • There is no audit trail for refunds. • Recovery action is not taken as per agreed processes. • Recovery arrangements are not monitored.
		Priority 1	-	-	-	-	
		Priority 2	-	-	-	-	
		Priority 3	1	-	-	1	
		Total	1	0	0	Appendix 1	

Open actions (from previous audits)

The NNDR 2022/23 audit recommended eight management actions. Since the audit, one action in relation to the service risk register has been implemented and seven actions have not been implemented and remain open. The open actions relate to updating procedures, cleaning up suspense items, and review of aged. Open actions are monitored and reported to the Joint Audit and Governance Committee (JAGC) quarterly.

The audit scope included:

Objective	Audit Scope
1 Valuation records	<ul style="list-style-type: none"> • Review valuation records to ensure correctly updated. • Review the regularity and accuracy of reconciliations and outcomes.
2 Liability	<ul style="list-style-type: none"> • Liability and reliefs are determined in accordance with legislation and appropriate checks are undertaken. • Process in place to review business with longstanding small business relief to assess eligibility.
3 Billing	<ul style="list-style-type: none"> • Billing complies with legislation and checks are performed prior to the billing run.
4 Payments and refunds	<ul style="list-style-type: none"> • Documentary evidence exists to support payment and refund transactions to ensure legitimacy.
5 Recovery and write offs	<ul style="list-style-type: none"> • The recovery process and write offs are undertaken in accordance with appropriate procedures and legislation.

Key Findings		
Objective	Audit Scope	
1	Valuation records	<ul style="list-style-type: none"> Valuation records are effectively maintained and reconcile to Valuation Office records with regular reconciliations undertaken. Weekly reconciliations to Valuation Office records are accurate with discrepancies being followed up.
2	Liability	<ul style="list-style-type: none"> Changes to liability are being actioned accurately but, in the sample, tested 5 out of 10 did not meet the specified contract target of 5 days. The longest time taken to action was 26 days. However, this is an improvement from last year when it was 52 days. The last Small Business Rate Relief (SBRR) review was undertaken in 2021. These are undertaken by mutual agreement between the councils and Capita. From our SBRR review, two South reliefs were granted over the telephone. The online application form states the relief cannot be assessed unless it is signed. The legal requirement for a paper form has been removed since the relief was initially granted, and it would be impractical to identify cases where SBRR was awarded without a claim form. However, we recommend reviewing continuing eligibility for SBRR relief outside of the annual billing process.
3	Billing	<ul style="list-style-type: none"> Annual billing is performed accurately and to timescale. Multiplier has been correctly applied in line with the Department of Levelling Up, Housing & Communities. Bills have been sent out in accordance with the timetable. Review of the annual bill reconciliations confirmed that numbers and values reconcile to bill production.
4	Payments and refunds	<ul style="list-style-type: none"> Reconciliations confirm that payments are accurate. Refunds are processed promptly and accurately. Performance monitoring shows that both Councils have improved their collection rate from the previous year. Testing on refunds provide assurance that they are being processed in line with the contract and are appropriately authorised prior to payment. Suppressions are appropriate.
5	Recovery and write offs	<ul style="list-style-type: none"> The recovery process is starting to recover from the impact of Covid 19. The recovery timetable was followed in nine out of the 10 cases reviewed. We noted one instance where the final reminder was issued within 30 days of the due date, as opposed to 14 days per the SLA. In this instance, the ratepayer received a reminder in May and then a further recovery notice the following month (June). Capturing in the next monthly recovery run is in line with council expectation and is consistent with the recovery approach for council tax, i.e., recovery notices issued once a month. Issuing recovery notices sooner may lead to complaints, payment cross-over, an increase in reminders going out (including an increase in inaccurate reminders going out), and risks being more labour intensive. As such, we are satisfied with the approach and recovery escalation in this particular case.