

# Leicestershire Revenues & Benefits Partnership

Revenues & Benefits Internal Audit report

14 December 2018

**Andrew Smith**

Head of Internal Audit

T: 0161 953 6900

E: [andrew.j.smith@uk.gt.com](mailto:andrew.j.smith@uk.gt.com)

**Zoe Thomas**

Internal Audit Manager

T: 0121 232 5277

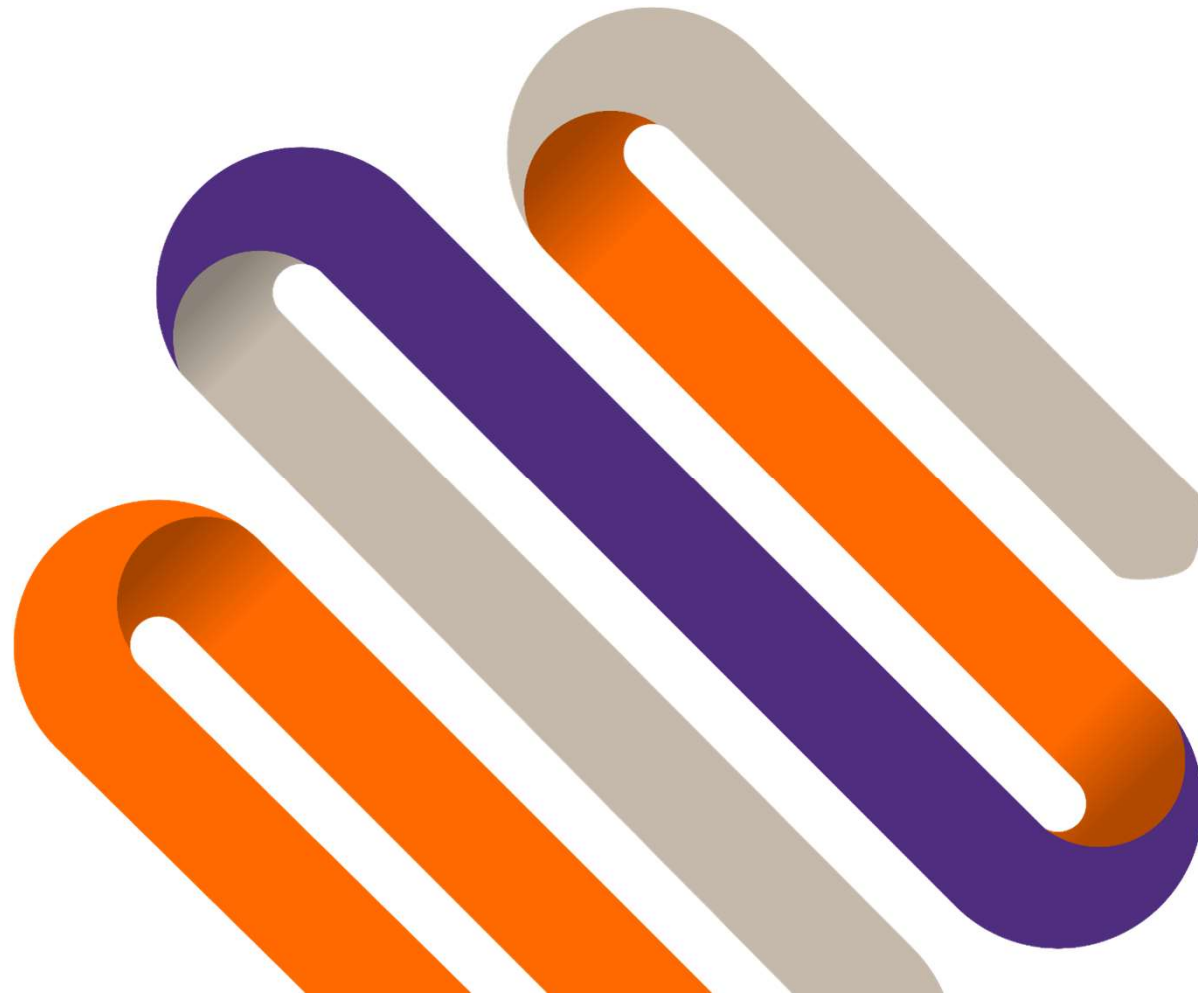
E: [zoe.thomas@uk.gt.com](mailto:zoe.thomas@uk.gt.com)

**Dave Rowley**

Internal Auditor

T: 0121 232 5225

E: [david.m.rowley@uk.gt.com](mailto:david.m.rowley@uk.gt.com)



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## Report distribution:

### For action:

- Revenue and Benefits Staff

### Responsible Executives:

- Head of Revenues & Benefits Partnership

This report is confidential and is intended for use by the management and directors of the Leicestershire Revenues and Benefits Partnership. It forms part of our continuing dialogue with you. It should not be made available, in whole or in part, to any third party without our prior written consent. We do not accept responsibility for any reliance that third parties may place upon this report. Any third party relying on this report does so entirely at its own risk. We accept no liability to any third party for any loss or damage suffered or costs incurred, arising out of or in connection with the use of this report, however such loss or damage is caused.

It is the responsibility solely of the Partnership's management and directors to ensure there are adequate arrangements in place in relation to risk management, governance, control and value for money.

# Executive Summary

## Background

Harborough, Hinckley and Bosworth and North West Leicestershire Councils formed a partnership in 2011 for the delivery of Revenues and Benefits services.

In 2017/18, the partnership spent £3.6 million in managing the services. At 31 March 2018, there was a caseload of 14,890 benefits claimants and 133,202 council tax dwellings and 9,619 business rate assessments had taken place during the year across the partnership.

The operations of the partnership are overseen by the management board, which meets monthly. This board comprises senior officers from all three councils and a joint committee, which meets quarterly and reviews the financial and operational performance of the partnership.

Hinckley and Bosworth Council are the lead body for the partnership and, as their auditors, we have undertaken an audit of the partnership. The three constituent authorities will take assurance from this and report back via their own governance procedures accordingly.

## Objectives

The objective of the review is to provide an independent assessment of the key risks, the design and operational effectiveness of the Council's arrangements for:

- Debt recovery arrangements for business rates, council tax and housing benefits
- Management of business rate discounts and reliefs with particular focus on the operational effectiveness of business rate reviews for small businesses.

We will achieve the objectives of our review by:

- reviewing key documents that support these arrangements such as internal policy and procedure documents in this area;
- interviewing key staff to gain an understanding of the design of controls surrounding the management of the electoral register;
- undertaking sample testing, as appropriate, to test the operational effectiveness of key controls.

A more detailed breakdown of the risk areas that we will focus on in each section of the report is provided overleaf.

The findings and conclusions from this review will be reported to the Partnership management board and joint committee and will be considered by the Head of Internal Audit for each council when forming their 2018/19 annual opinion.

## Limitations in scope

Please note that our conclusion is limited by scope. Our findings and conclusions will be limited to the risks outlined above. The scope of this audit does not allow us to provide an independent assessment of all risks and across the entire debt recovery process.

Where sample testing has been undertaken, our findings and conclusions are limited to the items selected for testing. Please note that there is a risk that our findings and conclusions based on the sample may differ from the findings and conclusions we would reach if we tested the entire population from which the sample is taken.

This report does not constitute an assurance engagement as set out under ISAE 3000.

# Executive Summary

## Details of the Scope of our work:

### **Debt recovery**

We have reviewed the design and operating effectiveness of the arrangements in place for recovery of council tax, benefits and business rate arrears across the partnership, to reflect the joint approach to these arrangements.

Our review focussed on the following potential risks (***Please note, these are potential risk areas identified by our initial planning assessment and against which we have performed audit procedures. The list below does not detail our findings, which are included later in the report.***):

- Policies and procedures to recover debts are not clear, are not understood, or are not being appropriately or consistently applied;
- Information on debt arrears and recovery is not appropriate or timely, so management may not have a good understanding of performance, risks and action being taken;
- There is inadequate differentiation between debts so that the most appropriate debt recovery strategy is not being applied, or debts are inappropriately prioritised; and
- There is inadequate management of disputes.

### **Business rate reviews**

Our review focussed on the following potential risks:

- The approach to applying business rate discounts and undertaking rate reviews is not clearly set out in policies and procedures;
- There is a risk that regulations are being applied inconsistently or ineffectively;
- There is a risk that credit balances are not returned to rate payers and debts are not pursued in line with procedures;
- Controls around processing of changes are not adequate;
- Management information is not adequate, timely or acted upon;
- Procedures are not in place to ensure the accuracy of information in relation to the Pooling arrangement.

Our findings and conclusions are limited to the risks identified above. The scope of this audit does not allow us to provide an independent assessment of all risks and controls across the entire management of the electoral register process.

Where sample testing has been undertaken, our findings and conclusions will be limited to the sample tested only. Please note that there is a risk that our findings and conclusions based on the sample may differ from the findings and conclusions we would reach if we tested the entire population from which the sample is taken.

### **Consideration of other audit points or areas relevant to this review**

Not applicable.

### **Reliance on other audits**

Not applicable.

# Executive Summary

## Conclusion

### Significant assurance with some improvement required

We have reviewed the Partnership's processes and controls around recovery of debtor balances and monitoring of business rate reliefs. The controls tested are set out in our Audit Planning Brief.

We have concluded that the processes provide **SIGNIFICANT ASSURANCE WITH SOME IMPROVEMENTS REQUIRED** to the Committee.

## Good practice

1. Reporting to the Joint Committee was timely and detailed, providing a significant amount of information.
2. There was strong evidence that the Partnership was able to take a nuanced approach to debt management, with clear provision for proportionality of responses in cases relating to vulnerable individuals or those experiencing genuine hardship.
3. The Partnership has robust controls in place around ensuring that settlement of credit balances is made appropriately.
4. There was evidence that Partnership staff went above and beyond legislative requirements by ensuring that all applications for Small Business Rates Relief include an affirmation that no secondary assessments exist.
5. Sample testing confirmed that the Partnership's controls around processing of changes to Rateable Value and NDR parameters were functioning effectively.
6. We found good levels of compliance with relevant legislation during testing of application of Business Rate Reliefs.

## Areas for development

1. The Partnership should look to review its control report and quality assurance framework to ensure that reports are produced and reviewed on a timetable as opposed to ad hoc basis.
2. Review cases where inappropriately applied "holds" cause delays in recovery process, as set out in the report.
3. Ensure that significant Council Tax debtor balances with Partnership member authorities are resolved in a timely fashion.

## Recommendations

Based on the findings set out in the table below, where we detail five low recommendations and three improvement points we feel that significant assurance can be provided to the Joint Committee.

	High	Med	Low	Imp
Detailed findings	-	-	5	3

## Acknowledgement

We would like to take this opportunity to thank your staff for their co-operation during this internal audit.

# Key Findings & Recommendations

Risk Area	Findings and Recommendation	Action Plan
<p><b>Debt Recovery:</b> Policies and procedures are not clear, are not understood, are not being appropriately or consistently applied.</p>	<p><b>Key findings</b></p> <ol style="list-style-type: none"> <li>1. Debt recovery policies were aligned for all three councils within the partnership. This meant that the response to debt recovery was consistent across all three entities leading to greater clarity in processing debtor balances and a more efficient approach. Sample testing across all three councils showed that the incremental debt recovery policy had been adhered to in all cases.</li> <li>2. The policy itself makes a clear provision for proportionality of response, something which was evidenced during sample testing where we noted that the Partnership was able to agree a lower rate of repayment in instances where debtors could demonstrate genuine hardship or vulnerability, something which aligns itself with the individual Councils' commitment to balance debt recovery with contributing to the overall wellbeing of local populations.</li> <li>3. However, the final stage of the incremental policy allows for enforcement or legal action (in line with the legislative requirements of each of the three different types of balances reviewed). It was here that we noted some procedural issues, largely relating to application of circumstance codes or similar "holds" on accounts which were then missed from reviews or otherwise left in place, leading to delays in further recovery activity.</li> <li>4. We noted that the Partnership maintains a master work distributor spreadsheet which monitors the variance reports run in order to identify accounts under individual circumstance codes and review subsequent response rates. However, the reports appear to be run on an ad hoc as opposed to a timetabled basis. Furthermore, we note that there is no formalised internal quality assurance or review process.</li> </ol> <p><b>Recommendations:</b></p> <p><b>Issue identified:</b> Further recovery activity was delayed in some cases owing to accounts subject to a "hold" being missed from subsequent reviews. Of 90 cases tested across Council Tax, NDR and Housing Benefit overpayments debtors, we noted a total of 15 where this was the case (9 Council Tax and 6 Housing Benefit Overpayments. Whilst the process of using circumstance codes to place a hold on recovery activity is a common process across the Partnership we also note that our sample testing did not pick up any such issues in the area of NDR.).</p> <p><b>Root cause:</b> Per discussions with Partnership staff, resourcing constraints have made introducing regular checks a challenge. However, some cases appeared to have been included in a report but not actioned as a result of human error.</p> <p><b>Risk:</b> Failure to correctly progress recovery activity risks delayed receipt of council funds and increase of arrears balances.</p> <p><b>Recommendation:</b> The Partnership should look to review its control report and quality assurance framework to ensure that reports are produced and reviewed on a timetable as opposed to ad hoc basis.</p> <p><b>Overall conclusion:</b> Given the financial challenges facing the constituent councils, debt recovery is a key issue and therefore we deem this to be a <b>low level recommendation</b>.</p>	<p><b>Actions:</b> Diaries by officers should be reviewed on a weekly basis to ensure any issues are resolved and recovery of the debt continues.</p> <p>The sample number of cases reflects a disproportionate figure of the accounts currently held for recovery.</p> <p><b>Responsible Officer:</b> Karen Waterfield</p> <p><b>Due date:</b> 31<sup>st</sup> January 2019</p>

# Key Findings & Recommendations

Risk Area	Findings and Recommendation	Action Plan
<b>Debt Recovery:</b> Policies and procedures are not clear, are not understood, are not being appropriately or consistently applied.	<b>Recommendations (continued):</b>  <b>Issue identified:</b> Two cases were noted where holds had been placed on an account via the Customer Service contact centre as opposed to Partnership debt recovery teams. In one case, this hold had been in place since 2016.  <b>Root cause:</b> Customer service agents are able to place holds on accounts independently of Partnership debt recovery staff.  <b>Risk:</b> This may lead to lengthy delays in recovery and increase in arrears as accounts are placed on hold as opposed to further recovery activity taking place.  <b>Recommendation:</b> The Partnership should look to update system functionality to remove the ability of customer service agents to make these adjustments.  <b>Overall conclusion:</b> We noted that this occurred on a low number of accounts therefore we deem this to be a <b>low level recommendation</b> .	<b>Actions:</b> Customer service (CS) holds have been removed and will be monitored. CS have been advised not to use this functionality in the future, however Capita does not allow for us to remove this given CS do need access to this screen.  <b>Responsible Officer:</b> Karen Waterfield / Claire Stone  <b>Due date:</b> Completed before findings delivered
	<b>Issue identified:</b> A large (greater than £30k) debtor balance for Council Tax arrears in the name of one of the constituent councils. Upon closer review, it was noted that these balances related to temporary accommodation wherein the Council agreed to take responsibility for payment of Council Tax to the partnership on behalf of its tenants.  <b>Root cause:</b> Current Partnership procedures prevent a summons or similar collection notice being presented to the Council therefore leading to a delay in resolution of these issues.  <b>Risk:</b> Failure to resolve the issue may lead to a build up of arrears and a perception of lack of equity in treatment of debtor balances.  <b>Recommendation:</b> The Partnership should look to create an SQL script to identify all of these balances and proactively speak to the constituent council to resolve this issue either by settlement of the balance or by application of a relief to the properties in question.  <b>Overall conclusion:</b> Given the size of the balance, it is important that a resolution is achieved in a timely fashion and therefore we deem this to be a <b>low level recommendation</b> .	<b>Actions:</b> SQL now in place to run on a monthly basis. LA has received request for payment and an email chasing payments. Information will be issued via a spreadsheet as near to the first of the month as possible.  <b>Responsible Officer:</b> Karen Waterfield  <b>Due date:</b> Completed before findings delivered



# Key Findings & Recommendations

Risk Area	Findings and Recommendation	Action Plan
<b>Debt Recovery:</b> Policies and procedures are not clear, are not understood, are not being appropriately or consistently applied.	<p><b>Recommendations (continued):</b></p> <p><b>Issue identified:</b> There was uncertainty around whether some accounts which were flagged as having been outsourced to enforcement agents were still being actively chased by those agents or whether they had been returned to the Partnership.</p> <p><b>Root cause:</b> There is currently no automatic interface between IT systems used by the enforcement agents and the Partnership's systems.</p> <p><b>Risk:</b> This may lead to lengthy delays in recovery and increase in arrears.</p> <p><b>Recommendation:</b> We understand that the Partnership is in the process of exploring the option of an automatic interface between its systems and the enforcement agencies as well as completing a reconciliation between the two parties to agree which balances should be being recovered by each. We recommend that the Partnership makes all efforts to expedite the implementation of these arrangements.</p> <p><b>Overall conclusion:</b> We note that the Partnership are taking steps to resolve this issue. However, we see this as an important issue and therefore deem this to be a <b>low level recommendation</b>.</p>	<p><b>Actions:</b> One case identified recorded at the enforcement agent was established that this was not the case</p> <p>Case reconciliation routine to be adopted to ensure totals and values are both reconciled with all parties.</p> <p>Secondly that existing cases are reconciled with enforcement agents</p> <p><b>Responsible Officer:</b> Karen Waterfield &amp; Claire Stone</p> <p><b>Due date:</b> May 2019</p>
	<p><b>Issue identified:</b> We noted a number of other circumstances which contribute to delays in recovery. These included: accounts with an attachment of benefits or PDP flag (in relation to Housing Benefit Overpayment balances) where no payments were being collected; accounts with forward action dates; accounts with administrative penalties where payment arrangements were set consecutively as opposed to concurrently and therefore collection notices on certain balances would not be issued for several years.</p> <p><b>Root cause:</b> The presence of existing circumstance codes presented these accounts from being subject to further review.</p> <p><b>Risk:</b> Failure to identify these issues may result in lengthy delays in collection processes and build up of arrears.</p> <p><b>Recommendation:</b> The Partnership should look to create SQL scripts to identify and review the examples identified, as well as building in regular reviews of accounts with these circumstance codes as part of its internal quality processes.</p> <p><b>Overall conclusion:</b> Given the frequency of occurrence of these types of issues, we deem this to be a <b>low level recommendation</b>.</p>	<p><b>Actions:</b> Create a bespoke sql to identify cases where no payment has been received from the DWP.</p> <p>Liaise with DWP to identify as to the reason why</p> <p><b>Responsible Officer:</b> Karen Waterfield / Claire Stone</p> <p><b>Due date:</b> February 2019</p>



# Key Findings & Recommendations

Risk Area	Findings and Recommendation	Action Plan
<p><b>Debt recovery:</b></p> <p>Information on debt arrears and recovery is not appropriate or timely, so management may not have a good understanding of performance, risks and action being taken.</p>	<p><b>Key findings</b></p> <ol style="list-style-type: none"> <li>1. The Partnership provides sufficient management information to the Joint Committee on both in year collection and arrears balances by individual councils on a monthly basis.</li> <li>2. Monthly management reports also include performance indicators relating to both in year collection rates and reduction of arrears and profiled targets with reference to prior period comparators for each council.</li> <li>3. Monthly reports also detailed other relevant information, such as upcoming contract tenders for the enforcement agents employed by the Partnership and action on fraud detection as well as context on variance against</li> </ol> <p><b>Recommendations</b></p>	
	<p><b>Issue identified:</b> Monthly management reports did not include a profile of aged debtors balances.</p> <p><b>Root cause:</b> No performance indicator included in management reports for age of debtor balances.</p> <p><b>Risk:</b> Without information on the age of debtor balances, management may miss an opportunity to identify balances for write off or otherwise adjust collection activity for long term arrears balances.</p> <p><b>Recommendation:</b> The Partnership should consider including a profile of the age of debtor balances or each council within its monthly performance reports.</p> <p><b>Overall conclusion:</b> Overall, the level of information provided to the Joint Committee is significant, timely and appropriate and therefore we deem this to be an <b>improvement point</b>.</p>	<p><b>Actions:</b> An active decision was taken by the management board that this be excluded from the performance report.</p> <p>Management Board do not make decisions regarding write offs that a matter for the partnership. Recommendations are made to the relevant section 151 officers if and when the value is above £1,000.</p> <p><b>Due date:</b> n/a</p>

# Key Findings & Recommendations

Risk Area	Findings and Recommendation	Action Plan
<p><b>Debt Recovery:</b> There is inadequate differentiation between debts so that the most appropriate debt recovery strategy is not being applied, or debts are not appropriately prioritised.</p>	<p><b>Key Findings:</b></p> <ol style="list-style-type: none"> <li>1. Whilst debt recovery policies relating to the balances which are dealt with by the Partnership are aligned across the three councils, clear provision is set out within the policy for variations in debt recovery activity for class of transaction.</li> <li>2. Collection of each individual type of debt is handled by separate teams within the Partnership. Sample testing of recovery activity against each type of debt showed that relevant legislation was followed appropriately for each type of balance.</li> <li>3. Furthermore, the policy makes provision for proportionality of response to debtor balances. As previously referred to we noted one case with a balance of greater than £5,000 where monthly payments of £60 had been agreed owing to evidence of significant hardship. This is in line with the overall strategic aims of individual councils around balancing the need for fiscal prudence and enforcement of debt with concern for the overall wellbeing of responsible populations.</li> <li>4. In some instances, as referred to previously, we noted cases where recovery activity appeared to have stalled owing to issues around updating recovery activity once the enforcement or legal action stage has been reached. However, we feel that these issues relate primarily to application of policies and procedure notes as opposed to an issue with differentiation between types of debtor balances and have made recommendations accordingly in that section of the report.</li> <li>5. Furthermore, whilst the Partnership applies policies consistently across all three council's balances, the councils retain individual, discrete environments within the Partnership's IT systems and therefore we noted no issues with allocation of balances between the appropriate councils.</li> </ol> <p><b>Recommendations</b></p> <p>Per the above, we have made no specific recommendations against this section of the report.</p>	<p><b>Actions:</b></p> <p>N/A</p>

# Key Findings & Recommendations

Risk Area	Findings and Recommendation	Action Plan
<b>Debt Recovery:</b>  There is inadequate management of disputes.	<b>Key Findings:</b> <ol style="list-style-type: none"> <li>Based on the results of our sample testing, disputed balances, predominantly appeared to relate to issues relating to changes to properties which are under review by the Valuation Office Agency (VOA) which tended to be slow to respond and resolve such queries.</li> <li>We also noted one NDR debtor balance resulting from a lengthy review of whether the debtor was entitled to a charitable relief. This arose as a result of the highly prescriptive policy on charitable reliefs of one of the constituent councils of the Partnership.</li> </ol> <b>Recommendations:</b>	Engage with our relationship manager at the Valuation Office Agency with regard to delays as and when they arise  For the Section 151 Officer to review current guidelines. The policy has been prescriptive since April 1990.
	<b>Issue Identified:</b> In the field of NDR balances, lengthy delays in resolution of issues from the VOA led to a number of disputed arrears balances.  <b>Root cause:</b> Lengthy response times to issues from the VOA.  <b>Risk:</b> Delays in response times could lead to increased arrears, loss of council funds and inefficient expenditure of resources on non-collectible balances.  <b>Recommendation:</b> The Partnership should seek to proactively identify these accounts and engage with the VOA more frequently in an attempt to expedite collection of these balances.  <b>Overall conclusion:</b> Whilst the nature of these disputes raises an issue for the Partnership, we recognise that to a large extent the response times of the VOA are outside of the control of the Partnership. Therefore, we deem this to be an <b>improvement point</b> .	<b>Actions:</b> Monitor outstanding BA reports directly with relationship manager  <b>Responsible Officer:</b> Jane Brown  <b>Due date:</b> Effective immediately
	<b>Issue identified:</b> Highly prescriptive policy on eligibility for charitable reliefs led to a delay in resolution of debtor issues.  <b>Root cause:</b> Constituent council relief policy does not allow for flexibility on the Partnership's part in interpretation and requires senior management input from the council to resolve which is difficult and costly to arrange.  <b>Risk:</b> Difficulties in applying policies at the Partnership level can lead to delays in collection, loss of community goodwill following a dispute with a charitable organisation and inefficient expenditure of resources on both the part of the council and the Partnership.  <b>Recommendation:</b> The Partnership should engage with all constituent councils to harmonise policies in all areas as far as possible.  <b>Overall conclusion:</b> Whilst potential arrears are an issue, this affected a small number of accounts (1 of 30 tested) and relates to an issue where constituent councils may have differing strategic aims. Therefore we deem this to be an <b>improvement point</b> .	<b>Actions;</b> Any changes to existing guidelines rate payers require 12 months notice of the effective change being 1 <sup>st</sup> April  Dialogue has taken place regarding this matter.  <b>Responsible Officer:</b> Leigh Butler  <b>Due date:</b> TBC

# Key Findings & Recommendations

Risk Area	Findings and Recommendation	Action Plan
<p><b>Business Rate Discounts:</b></p> <p>The approach to applying business rate discounts and undertaking rate reviews is not clearly set out in policies and procedures.</p>	<p><b>Key Findings:</b></p> <ol style="list-style-type: none"> <li>1. Sample testing of 30 reliefs and discounts applied suggested that in all cases the Partnership had appropriately acted in line with individual council policies and relevant legislation.</li> <li>2. The approach to carrying out the current small business rates review appeared logical and consistent with the desired outcome of improving council data and identifying issues with application of rate reliefs.</li> <li>3. We were able to obtain details of the team's policy and procedure notes and monitoring process for the review.</li> </ol> <p><b>Recommendations:</b></p> <p>Based on the findings above we have no specific recommendations against this area.</p>	<p><b>Actions;</b></p> <p>N/A</p>

# Key Findings & Recommendations

Risk Area	Findings and Recommendation	Action Plan
<p><b>Business Rate Discounts:</b></p> <p>There is a risk that regulations are being applied inconsistently or ineffectively.</p>	<p><b>Key Findings:</b></p> <ol style="list-style-type: none"> <li>1. Sample selection for testing on application of rates reliefs was weighted based on the volumes of each individual relief.</li> <li>2. Of 22 Small Business Rates Reliefs tested across all 3 Councils, 19 had a signed application form attached. In all cases, we checked that the Rateable Value was correct and eligible for SBRR against VOA records.</li> <li>3. In 3 cases, no signed application form was attached either as a result of an issue with scanning on older paperwork when council records were digitised prior to the creation of the Partnership or as a result of possible splits or mergers on properties meaning original applications were attached to separate records. However, in all cases above we noted that the RV entitled the claimant to SBRR.</li> <li>4. A further 3 cases where Mandatory Discretionary Relief had been applied across all three councils were reviewed. In all of these cases, appropriate documentary evidence of the claimant's eligibility for the mandatory element of this relief had been received and scanned on to the file.</li> <li>5. However, in one case there was a delay around the application for the discretionary relief owing to issues around the prescriptive nature of one of the constituent council's policies, a recommendation around which has been made at the debt recovery section.</li> <li>6. A further 5 cases of Section 31 reliefs were tested. Application of these is at the discretion of the individual councils. Underlying workings were obtained for all three entities and, based on testing, we are satisfied that the reliefs were applied in a logical and consistent fashion to ensure that available funds were distributed equitably to appropriate recipients.</li> </ol> <p><b>Recommendations</b></p> <p>Based on the above, we have not raised any specific recommendations in this area.</p>	<p><b>Actions:</b></p> <p>N/A</p>

# Key Findings & Recommendations

Risk Area	Findings and Recommendation	Action Plan
<p><b>Business Rate Discounts:</b></p> <p>There is a risk that credit balances are not returned to rate payers and debts are not pursued in line with procedures.</p>	<p><b>Key Findings:</b></p> <ol style="list-style-type: none"> <li>1. Across all three council areas, there are accounts in credit to the value of £754k.</li> <li>2. Following a fraud issue in a previous year, the partnership will only authorise payment of a credit balance upon receipt of a signed confirmation of bank details from the proposed payee, except for cases where an active Direct Debit mandate is in place. Given the potential for fraudulent activity and related misappropriation of funds, this is an appropriately robust control.</li> <li>3. £523k of this figure related to one account whereby a ratings company acting on behalf of their client had continued to pay on account for a property which had been vacated in late 2017 and remains empty, with payments only ceasing in late 2018. We also note on this account that numerous attempts to obtain appropriate documentation to enable settlement of the balance had been made by Partnership staff, who encountered significant difficulty in obtaining a response from the ratings company. Furthermore, based on discussions with Partnership staff since the date of our audit work we understand that this balance has now been repaid.</li> <li>4. Of the remaining balances, a majority also relate to larger corporate clients who have ended tenancies or had rate adjustments.</li> </ol> <p><b>Recommendation:</b></p> <p>Based on the above, we have no specific recommendations in this area.</p>	<p><b>Actions:</b></p> <p>N/A</p>

# Key Findings & Recommendations

Risk Area	Findings and Recommendation	Action Plan
<p><b>Business Rate Discounts:</b></p> <p>Controls around processing of changes are not adequate.</p>	<p><b>Key Findings:</b></p> <ol style="list-style-type: none"> <li>1. Sample testing of 30 accounts across all three councils in respect of application of business rates reliefs found that in all cases the Rateable Value per the Partnership's internal records agreed with external records held by the VOA.</li> <li>2. We reviewed NDR parameters within each of the individual IT environments for each council and noted that these values were correctly updated.</li> <li>3. As referred to in the debt recovery section of the report, we noted that there were a small number of cases where disputes had arisen owing to disagreements relating to changes to existing properties. The key determining factor in these issues tended to be delays in response times by the VOA and therefore we do not deem these delays to be evidence of failure to appropriately process changes to parameters or individual properties on the part of the Partnership.</li> </ol> <p><b>Recommendation:</b></p> <p>Per the above, we are satisfied that there is strong evidence that the Partnership's controls around processing of controls are functioning effectively and therefore we have no recommendations in this area.</p>	<p><b>Actions;</b></p> <p>N/A</p>



# Key Findings & Recommendations

Risk Area	Findings and Recommendation	Action Plan
<p>Management information is not adequate, timely or acted upon.</p>	<p><b>Key Findings:</b></p> <ol style="list-style-type: none"> <li>1. Financial statements information for each of the three councils (including the level of discounts and reliefs applied) is included within monthly performance reports to management.</li> <li>2. These have been reviewed for consistency with underlying data with no issues noted.</li> </ol> <p><b>Recommendation:</b></p> <p>Based on the above, we are satisfied that the level of reporting to management is satisfactory and have made no recommendations against this area of the report.</p>	<p><b>Actions:</b></p> <p>N/A</p>

# Key Findings & Recommendations

Risk Area	Findings and Recommendation	Action Plan
<p>Procedures are not in place to ensure the accuracy of information in relation to the Pooling arrangement.</p>	<p><b>Key Findings:</b></p> <ol style="list-style-type: none"> <li>1. Pooling arrangements are predominantly the responsibility of finance staff at the constituent councils.</li> <li>2. Financial statement information output reports are supplied for each of the councils which form the basis of NDR pooling reports which are also submitted to member council finance staff.</li> <li>3. We reviewed NDR pooling reports for each of the three councils and checked for consistency with underlying system reports with no issues noted.</li> </ol> <p><b>Recommendation:</b></p> <p>Based on the above, we are satisfied that the Partnership has adequate arrangements in place to support NDR Pooling and therefore we have made no recommendations against this section of the report.</p>	<p><b>Actions:</b></p> <p>N/A</p>

# Appendices

# Appendix 1 – Staff involved and documents reviewed

## Staff involved

- Leigh Butler – Business Development & Support Manager
- Jane Brown – NDR team leader
- Karen Waterfield – Council Tax team leader

## Documents reviewed

- Debt Recovery and Charitable Relief Policies
- Management information reports to Joint Committee and underlying supporting documents
- Underlying supporting documents for application of Section 31 reliefs

# Appendix 2 - Our assurance levels

The table below shows the levels of assurance we provide and guidelines for how these are arrived at. We always exercise professional judgement in determining assignment assurance levels, reflective of the circumstances of each individual assignment.

Rating	Description
<b>Significant assurance</b>	<p>Overall, we have concluded that, in the areas examined, the risk management activities and controls are suitably designed to achieve the risk management objectives required by management.</p> <p>These activities and controls were operating with sufficient effectiveness to provide significant assurance that the related risk management objectives were achieved during the period under review.</p> <p>Might be indicated by no weaknesses in design or operation of controls and only IMPROVEMENT recommendations.</p>
<b>Significant assurance with some improvement required</b>	<p>Overall, we have concluded that in the areas examined, there are only minor weaknesses in the risk management activities and controls designed to achieve the risk management objectives required by management.</p> <p>Those activities and controls that we examined were operating with sufficient effectiveness to provide reasonable assurance that the related risk management objectives were achieved during the period under review.</p> <p>Might be indicated by minor weaknesses in design or operation of controls and only LOW rated recommendations.</p>
<b>Partial assurance with improvement required</b>	<p>Overall, we have concluded that, in the areas examined, there are some moderate weaknesses in the risk management activities and controls designed to achieve the risk management objectives required by management.</p> <p>Those activities and controls that we examined were operating with sufficient effectiveness to provide partial assurance that the related risk management objectives were achieved during the period under review.</p> <p>Might be indicated by moderate weaknesses in design or operation of controls and one or more MEDIUM or HIGH rated recommendations.</p>
<b>No assurance</b>	<p>Overall, we have concluded that, in the areas examined, the risk management activities and controls are not suitably designed to achieve the risk management objectives required by management.</p> <p>Those activities and controls that we examined were not operating with sufficient effectiveness to provide reasonable assurance that the related risk management objectives were achieved during the period under review.</p> <p>Might be indicated by significant weaknesses in design or operation of controls and several HIGH rated recommendations.</p>

# Appendix 2 - Our assurance levels (cont'd)

The table below describes how we grade our audit recommendations.

Rating	Description	Possible features
<b>High</b>	Findings that are fundamental to the management of risk in the business area, representing a weakness in the design or application of activities or control that requires the immediate attention of management	<ul style="list-style-type: none"> <li>▪ Key activity or control not designed or operating effectively</li> <li>▪ Potential for fraud identified</li> <li>▪ Non-compliance with key procedures / standards</li> <li>▪ Non-compliance with regulation</li> </ul>
<b>Medium</b>	Findings that are important to the management of risk in the business area, representing a moderate weakness in the design or application of activities or control that requires the immediate attention of management	<ul style="list-style-type: none"> <li>▪ Important activity or control not designed or operating effectively</li> <li>▪ Impact is contained within the department and compensating controls would detect errors</li> <li>▪ Possibility for fraud exists</li> <li>▪ Control failures identified but not in key controls</li> <li>▪ Non-compliance with procedures / standards (but not resulting in key control failure)</li> </ul>
<b>Low</b>	Findings that identify non-compliance with established procedures, or which identify changes that could improve the efficiency and/or effectiveness of the activity or control but which are not vital to the management of risk in the business area.	<ul style="list-style-type: none"> <li>▪ Minor control design or operational weakness</li> <li>▪ Minor non-compliance with procedures / standards</li> </ul>
<b>Improvement</b>	Items requiring no action but which may be of interest to management or which represent best practice advice	<ul style="list-style-type: none"> <li>▪ Information for management</li> <li>▪ Control operating but not necessarily in accordance with best practice</li> </ul>

