

TEESDALE DISTRICT COUNCIL

INTERNAL AUDIT SERVICE

Review of National Non Domestic Rates (NNDR)

Key Contact:	Revenues Manager
Prepared by	D Mitchell, D Lewis, Durham City Council
Reviewed by	Peter Jackson, Audit Manager, DCC
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Assurance Opinion	MODERATE

1. INTRODUCTION

- 1.1. In accordance with the Council's annual audit plan for 2008/9 an audit has been carried out of the National Non Domestic Rates (NNDR) by colleagues from the Durham City Internal Audit Service.
- 1.2. The audit was undertaken during August 2008.
- 1.3. The review involved a number of interviews with officers and testing of key controls. The time and assistance afforded by these officers was greatly appreciated.

2. OBJECTIVES

- 2.1. The overall objective of the review is to provide a risk based assessment of the systems in place in order to form an opinion as to whether they are robust and provide an adequate basis for effective control.

3. STATEMENT OF RESPONSIBILITY

- 3.1. It should be noted that the establishment of adequate control systems is the responsibility of management and that an internal audit review is conducted on a test basis. Therefore, while the implementation of internal audit recommendations can reduce risk, and may lead to the strengthening of these systems of control, responsibility for the management of these risks remains with the service manager.

4. SCOPE

- 4.1. The review undertaken by Internal Audit forms part of the overall assurance process now required by the Chief Executive and the Leader for inclusion within the Annual Governance Statement which is part of the Authority's Statement of Accounts.
- 4.2. The period covered by the review was January 2008 to July 2008.
- 4.3. The internal control system was reviewed under four headings, namely:
 - Ensuring that financial and operational information is complete, accurate and reliable.
 - Ensuring that statutory and regulatory requirements are complied with, including management policies such as Contracts Procedure Rules and Financial Regulations.
 - Ensuring that financial and other assets are safeguarded, and that adequate arrangements are in place to prevent and detect fraud.
 - Ensuring operations are carried out as planned and that service and corporate objectives are being met.

4.4. The report is intended to present to management the findings and conclusions of the audit. Wherever possible the findings and recommendations have been discussed with members of staff and their views taken into account.

5. EXECUTIVE SUMMARY

5.1. Given the nature of the risks involved in the achievement of the control objectives, key controls are adequate, but other parts of the internal control system requires corrective action. This provides reasonable assurance that risks material to the achievement of the control objectives are adequately managed.

5.2. Areas reviewed where controls were ineffective, together with the resultant recommendations are summarised in the action plan at Section 7.

6. AUDIT ASSURNACE OPINION

6.1. Internal Audit has adopted the following scale of assurance that can be given to indicate the effectiveness of the control environment and the likelihood of control objectives being met for the area under review.

Level of Assurance	Definition
Full Assurance	There is a sound system of controls in place & those controls are consistently applied & are fully effective. Control objectives are fully met.
Substantial Assurance	There is a sound system of control in place but some of the controls are not consistently applied or fully effective. Control objectives are largely achieved.
Moderate Assurance	There is basically a sound system of control in place, but there are weaknesses and evidence of non-compliance with or ineffective controls. Control objectives are often achieved.
Limited Assurance	The system of control is weak & there is evidence of non-compliance with controls that do exist. Control objectives are sometimes achieved.
No Assurance	There is no system of control in place and control objectives are rarely or never achieved.

7. The significance of the control weakness identified in this review enables us to give a **moderate** assurance opinion.

8. ACTION PLAN

8.1. Our findings together with the associated risks and resultant recommendations are summarised below.

Ref	Finding	Risk	Recommendation	Ranking	Responsibility	Response	Implementation
R1	Billing and recovery suppressions are not monitored regularly.	Reasons for suppression no longer appropriate. Income may not be collected on a timely basis.	The frequency of monitoring be increased to ensure that the recovery and billing suppression are monitored effectively.	Medium	Revenues Manager	Agree	01/12/08
R2	Accounts referred to the bailiff (Rossendales) per the NNDR system did not agree with the number of cases referred on the bailiff's system.	Unable to confirm that the bailiff is making satisfactory progress in pursuing the debt or appropriate corrective action is taken.	Monitoring and cross-matching of the accounts at the bailiff should be carried out on a periodic basis.	Medium	Revenues Manager	Agree	01/02/08

KEY TO RECOMMENDATION RANKING

HIGH PRIORITY

A fundamental control issue that is material or represents a major risk to the Council's system of internal control. This requires immediate action by management.

MEDIUM PRIORITY

A significant control issue or risk that should be addressed by management within an agreed period.

LOW PRIORITY

A control issue that if corrected will enhance the control environment or promote value for money.