

REPORT TO: AUDIT AND RISK MANAGEMENT SUB-COMMITTEE - 24 SEPTEMBER 2007

REPORT ON: INTERNAL AUDIT REPORTS

REPORT BY: CHIEF INTERNAL AUDITOR

REPORT NO: 493-2007

1.0 PURPOSE OF REPORT

To submit to Members of the Audit and Risk Management Sub-Committee a summary of the Internal Audit Reports finalised since the last Sub-Committee.

2.0 RECOMMENDATIONS

Members of the Sub-Committee are asked to note the information contained within this report.

3.0 FINANCIAL IMPLICATIONS

None

4.0 MAIN TEXT

4.1. The day-to-day activity of the Internal Audit Service is primarily driven by the reviews included within the Internal Audit Plan. Broadly, on the completion of a specific review, a report which details the audit findings and recommendations is prepared and issued to Management for a formal response and submission of Management's proposed action plan to take the recommendations forward. Any follow-up work subsequently undertaken will examine the implementation of the action plan submitted by Management.

4.2. Executive Summaries for the reviews which have been finalised in terms of paragraph 6.1 above are provided at Appendix A. Within each Executive Summary the prime aim is to provide both Members and Management with key information which includes the reason for undertaking the review, summary financial data and statistics, the areas encompassed within the review and specific areas which were excluded, the principal audit objectives, an audit opinion on the adequacy of the systems and control framework of the area reviewed, the key conclusions based on the audit findings and recommendations and a summary of Management's response to the audit report. The full reports are available to Members on request.

5.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty and Equality Impact Assessment. There are no major issues.

6.0 CONSULTATIONS

The Chief Executive and Head of Finance have been consulted on the content of this report.

7.0 BACKGROUND PAPERS

None

Sallie Dailly, Chief Internal Auditor

DATE: 13 September 2007

i) INTERNAL AUDIT REPORT 2006/09

Department	Corporate
Subject	Creditors Sundry Payments

Introduction
<p>As part of the planned audit work a review of the process operated in respect of Creditors Sundry Payments was carried out.</p> <p>An extract of the number and value of sundry payments made to mid February 2007 was obtained from Powersolve, the Council's Financial Ledger system. This indicated that approximately 9,000 sundry payments with a value of £31.1m were processed. Of the order of 81% of the payments were issued as cheques. This equated to about 20% of the total value.</p> <p>Transactions settled by BACS mainly relate to the payment of grants, the settlement of contractors' progress payments and the payment of union dues and charitable deductions. Cheque payments are made for a variety of transactions including rent refunds, home loss payments, decant payments, compensation orders, improvement grants, repair grants, and interview expenses.</p> <p>Historically, sundry payment requests approved by an authorised signatory, originated in the department requesting the payment and the request was sent to the Purchase Ledger section for processing. Introduction of an electronic system across all departments of the Council will enable departmental staff to process their own sundry payment requests.</p> <p>Cheques can also be raised by the Office Services Section in the Finance Department for priority payments using the Checkpoint system and transactions are recorded in the appropriate cash book. During 2006/07 approximately 4,200 payments were processed in this way.</p>
Scope and Objectives
<p>The objective of this review was to establish the nature of sundry payments requested by departments and the processes for requesting these including the level of authorisation required. As part of the review, the use of temporary creditors was also examined to determine the extent to which temporary creditors have the same number and the recurring use of the same temporary creditor number.</p>
Conclusion
<p><i>The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.</i></p> <p>The main areas highlighted in the report are as follows:</p> <ul style="list-style-type: none"> • In order to ensure that sundry payments are used appropriately, guidance should be issued to staff. • In order to ensure that processing of sundry payments is efficient, staff should continue to encourage the use of permanent creditor numbers and payment by BACS rather than cheque. • In order to improve management information, sundry payments should be processed through other mechanisms such as Powersolve or payroll instead of the priority payment system, where possible.
Management Response to the Audit Report
<p>The audit findings and recommendations were formally reported to the Head of Finance and appropriate action agreed to address the specific issues raised.</p>

ii) INTERNAL AUDIT REPORT 2006/51

Department	Education
Subject	Nursery Fees

Introduction

As part of the planned internal audit work for 2006/07 a review of Income from Nursery Fees was carried out.

All children aged 3 and 4 are entitled to 2.5 hours of free nursery services each day. The Education Department also provides additional childcare services as part of their nursery provision for which a charge is levied. However, these services are provided free to parents who apply and who meet two criteria i.e. they must be in receipt of Income Support and their children have been identified as having educational need.

Contracts for additional nursery services provided are held in the Education Pupil Database for all pupils except those attending Whitfield Community Early Years Centre. Contracts should be signed by both the parent and the Head Teacher. There were 324 children recorded in the Education Pupil Database as receiving additional nursery provision at December 2006.

In the region of £340,000 of income was generated from the nursery fees during 2005/06. For 2006/07 budgeted income is £341,000 and actual income for the year is approximately £305,000.

Scope and Objectives

The overall aim of the assignment was to undertake a review of the arrangements in place for the billing and collection of income in respect of additional childcare services. This included the assessment of eligibility for free additional nursery services, arrangements operated in respect of student parents/carers, the completeness of contract documentation, arrangements for the payment of nursery fees including invoicing, direct debit, deductions from salaries and childcare vouchers. The review was also to include the procedures for recovery of overdue fees and the future service provision to children/parents in arrears.

Conclusion

The principal conclusion drawn from this review is that there are weaknesses in the system which should be addressed.

The main areas commented upon in this report are as follows:

- To ensure that nursery provision is billed accurately and timeously, all relevant service, parent details and name of person/body responsible for paying the fees should be input into the Education Pupil Database.
- To ensure that staff are aware of the additional services being provided to all children and have the appropriate supporting documentation, copies of all contracts signed by the parent and Head Teacher should be forwarded to the Education Early Years and Childcare Team. In addition there should be regular reconciliations between information held in the database and that provided by nurseries.
- To ensure that input to Sales Ledger is efficient and facilitates accurate reports, staff should utilise the charge codes set up for each nursery.
- To ensure that current staff and any new staff joining the section are aware of procedures to be adopted, a comprehensive guidance manual should be drafted.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Director of Education appropriate action agreed to address the specific issues raised.

iii) INTERNAL AUDIT REPORT 200702

Department	Information Technology
Subject	General Ledger

Introduction

As part of the planned internal audit work for 2006/07, a review of the procedures operated in respect of access to and security over the General Ledger was carried out.

The General Ledger is one component of the Powersolve suite which also has Purchase Ledger, Purchase Ordering, Bank Reconciliation and Sales Ledger modules. Powersolve is provided and supported by the software supplier, Civica, and the system is due to be replaced with Authority Financials in December 2007. There are currently 1,300 logins to the system but only 125 users can utilise the system at any one time. The Council provides Powersolve not only to its own departments but also to external bodies such as Tayside Joint Police Board, Tay Road Bridge Joint Board, Tayside Valuation Joint Board, Dundee Ice Arena, Dundee Contemporary Arts, and Dundee Leisure Ltd.

Overall responsibility for the day-to-day management of the General Ledger lies with the Accounting Manager, Team 2, in Finance and an Accountant in his team. Back-up procedures and any IT-related aspects are the responsibility of the Information Technology Department. Data is backed up nightly on tapes at Floor 1 Tayside House and, in line with best practice, one set of tapes is held offsite in a secure environment at Gardyne Road. The audit review identified areas for improvement in both departments. This report details the recommendations relating to the Information Technology Department. Internal Audit Report 2007/03 details the recommendations made in respect of procedures operated within the Finance Department.

Scope and Objectives

The objectives of this audit were to assess procedures in respect of access to and security over the Powersolve General Ledger system. Areas examined included licensing, logical security controls, user security controls, codes accessed, systems availability (including business continuity), audit trail, trial balance, daily reconciliations between the general ledger and the purchase and sales ledger systems and procedures operated with suspended journals. Procedures operated in respect of the other Powersolve modules were not examined.

Conclusion

The principal conclusion drawn from this review is that whilst there is basically a sound system of control, there are some areas where it is viewed improvements can be made.

The main areas commented upon in the report are as follows:

- In order to ensure that data back-ups for the new Authority Financials can be utilised in the event of data loss, the arrangements necessary to test back-ups without compromising the live system should be discussed with Civica, the software supplier.
- In order to ensure that servers and back-up equipment are located in an appropriate environment, Information Technology staff should continue to monitor the situation in Tayside House and to seek opportunities to address the dissipation of excessive heat, where possible, until the new computer facility is available at Shore Terrace.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Head of Information Technology and appropriate action agreed to address the majority of the issues raised.

iv) INTERNAL AUDIT REPORT 2007/03

Department	Finance
Subject	General Ledger

Introduction

As part of the planned internal audit work for 2006/07, a review of the procedures operated in respect of access to and security over the General Ledger was carried out.

The General Ledger is one component of the Powersolve suite which also has Purchase Ordering, Purchase Ledger, Bank Reconciliation and Sales Ledger modules. Powersolve is provided and supported by the software supplier, Civica, and the system is due to be replaced with Authority Financials in December 2007. There are currently 1,300 logins to the system but only 125 users can utilise the system at any one time. The Council provides Powersolve not only to its own departments but also to external bodies such as Tayside Joint Police Board, Tay Road Bridge Joint Board, Tayside Valuation Joint Board, Dundee Ice Arena, Dundee Contemporary Arts, and Dundee Leisure Ltd.

Overall responsibility for the day-to-day management of the General Ledger lies with the Accounting Manager, Team 2, in Finance and an Accountant in his team. Back-up procedures and any IT-related aspects are the responsibility of the Information Technology Department. Data is backed up nightly on tapes at Floor 1 Tayside House and, in line with best practice, one set of tapes is held offsite in a secure environment at Gardyne Road. The audit review identified areas for improvements in both departments. This report details the recommendations relating to the Finance Department. Internal Audit Report 2007/02 details the recommendations made in respect of procedures operated within the Information Technology Department.

Scope and Objectives

The objectives of this audit were to assess procedures in respect of access to and security over the Powersolve General Ledger system. Areas examined included licensing, logical security controls, user security controls, codes accessed, systems availability (including business continuity), audit trail, trial balance, daily reconciliations between the general ledger and the purchase and sales ledger systems and procedures operated with suspended journals. Procedures operated in respect of the other Powersolve modules were not examined.

Conclusion

The principal conclusion drawn from this review is that whilst there is basically a sound system of control, there are some areas where it is viewed improvements can be made.

The main areas commented upon in the report are as follows:

- In order to ensure that there are appropriate mechanisms in place in the event of a serious incident causing the prolonged unavailability of Powersolve, staff should compile detailed business continuity plans in conjunction with appropriate personnel.
- In order to improve security of controls over remote access to Powersolve by Civica, staff should request Information Technology staff to enable a second tier password each time they are granted access to the system.
- In order to ensure that the user privileges of staff who leave the Council are promptly suspended, staff should request a leavers report from the Resourcelink system after the implementation programme has been completed.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Chief Accountant and appropriate action agreed to address the specific issues raised.

v) INTERNAL AUDIT REPORT 2007/07

Department	Housing
Subject	Follow-up Review of the Management and Collection of Rent Arrears

Introduction
<p>As part of the planned Internal Audit Work, a follow up review to Internal Audit Report 2003/20 on the Management and Collection of Rent Arrears was undertaken.</p> <p>The original report concluded that the procedures operated by staff in relation to the areas reviewed were generally satisfactory, however there were certain aspects of the system where it was viewed improvements could be made to strengthen internal controls. These included the following:</p> <ul style="list-style-type: none"> • Ensuring staff complete and review the appropriate repayment forms in order to ensure that agreed payments towards rent arrears are based on sound principles and recorded • Ensuring that income and debts for rechargeables are treated in the Council's financial statements in accordance with the Code of Practice on Local Authority Accounting and that debts are pursued where possible • Establishing a protocol to be adopted in respect of cases to be pursued through the Courts with Legal services staff to ensure efficient use of resources. <p>Since the original review the Housing Department has restructured. There are now only two housing offices West District and East District. West District Office also includes the Rent Recovery Centre which deals with enquiries about rent arrears. Departmental policy on recovery action on rent arrears has been reviewed since the original audit with increased emphasis on monitoring and contact with tenants. This strategy endeavours to enter in to a suitable repayment solution, where possible, before legal action is taken.</p>
Scope and Objectives
<p>As part of the planned internal audit work, a follow up review of Internal Audit Report 2003/20, Management and Collection of Rent Arrears, was undertaken. The objective of the follow-up review was to assess whether or not each of the recommendations agreed by management in had been fully implemented. The review was restricted to areas included in the original report.</p>
Conclusion
<p><i>The principal conclusion drawn from the follow-up work undertaken is that the actions taken by management have addressed the control weaknesses highlighted in the original review.</i></p>

vi) INTERNAL AUDIT REPORT 2007/08

Department	Economic Development
Subject	Ordering, Receipting and Creditor Payments

Introduction
<p>As part of the planned internal audit work a review of the systems operated in relation to ordering, receipting and creditor payments in Economic Development was undertaken. In 2006/07 expenditure on the creditors' system by the Economic Development Department was in the region of £12m and approximately 7,200 orders and associated invoices were processed.</p> <p>For goods and services other than repairs and maintenance a requisition form is completed and authorised by the relevant team leader. Orders are subsequently processed in the Council's computerised creditors' system, Powersolve. Invoices received from creditors are date stamped and arithmetically checked by Administration staff before being passed to Team Leaders who are responsible for ensuring that goods or services have been received and for authorising payment of the invoice.</p> <p>Economic Development operates a computerised system, GVA, for repairs and maintenance orders. Repairs and maintenance requests are recorded in this system when a fax, telephone call or a works request form is received and are entered into the GVA System depending on priority. Property details are checked to confirm that it is Dundee City Council's responsibility to carry out the work requested. The GVA System is used to generate orders and is linked to a system which automatically faxes them to the relevant contractor. The GVA system interfaces with Powersolve and invoices are processed in a similar manner to those for goods and services.</p>
Scope and Objectives
<p>The overall aim of the assignment was to provide an opinion on the adequacy and effectiveness of the controls over the systems operated in relation to ordering, receipting and creditor payments within the Economic Development Department. Areas examined included the appropriateness of goods ordered, procedures for the placement and authorisation of orders, receipt of goods and payment of invoices.</p>
Conclusion
<p><i>The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.</i></p> <p>The main areas commented upon in the report are as follows:</p> <ul style="list-style-type: none"> • To improve systems currently operated, procedure notes and an authorised signatory list should be prepared and issued to staff responsible for ordering goods or payment of invoices. • To ensure that all goods and services ordered are appropriately authorised and where applicable a requisition form should be completed and signed by the relevant member of staff.
Management Response to the Audit Report
<p>The audit findings and recommendations were formally reported to the Director of Economic Development and appropriate action agreed to address the majority of the issues raised.</p>

vii) INTERNAL AUDIT REPORT 2007/11

Department	Waste Management
Subject	2006/07 Grant Claim : Pilot Tenement Recycling Service

Introduction
<p>In the 2006/07 financial year Scottish Ministers offered specific grant assistance of £1,820 to Dundee City Council for continuing the implementation of Dundee City Council's Waste Aware Strategy in accordance with the national campaign developed by the Scottish Waste Awareness Group. This specific purpose of the grant was for the provision of the pilot tenement recycling service.</p> <p>Under paragraph 4.5 of the Conditions of Grant it is a requirement that "at the end of the financial year, the grantee shall prepare an account showing the expenses reasonably and properly incurred by it in executing the Project during that financial year" and that "such account shall be audited internally and shall be certified as true and accurate" by a member of one of the bodies specified by the Scottish Executive.</p>
Scope and Objectives
<p>The overall aim of this review was to enable the Chief Internal Auditor to provide an opinion as to whether or not the grant funding received in respect of the above subject has been spent in accordance with the related Terms and Conditions.</p>
Conclusion
<p><i>On the basis of examining the accounts and records of this grant claim, obtaining such explanations and carrying out such tests as deemed necessary, it is considered that the entries in the claim form are fairly stated, and that the sums claimed are properly due and have been used in accordance with the terms and conditions of the Offer of Grant.</i></p>

viii) INTERNAL AUDIT REPORT 2007/12

Department	Waste Management
Subject	2006/07 Grant Claim : Additional Seasonal Recycling Staff for Dundee City Council

Introduction

On the 20 July 2006 Scottish Ministers offered specific grant assistance to Dundee City Council totalling £46,962 for the 2006/07 and 2007/08 financial years. This award was made to allow the Council to employ seasonal 24 hour working to assist in the delivery of diverting a total of 6,000 tonnes from landfill. For the 2006/07 financial year the grant awarded totalled £15,654 and the associated target to be diverted from landfill was 2,000 tonnes.

As part of the planned internal audit work a review was undertaken to confirm that the grant conditions had been fulfilled.

Scope and Objectives

The overall aim of this review was to enable the Chief Internal Auditor to provide an opinion as to whether or not the grant funding received in respect of the above subject has been spent in accordance with the related Terms and Conditions.

Conclusion

On the basis of examining the accounts and records of this grant claim, obtaining such explanations and carrying out such tests as deemed necessary, it is considered that the entries in the claim form are fairly stated, and that the sums claimed are properly due and have been used in accordance with the terms and conditions of the Offer of Grant.

ix) INTERNAL AUDIT REPORT 2007/13

Department	Social Work
Subject	Charges for Residential and Respite Care

Introduction
<p>As part of the planned internal audit work a review of Charges for Residential and Respite Care was undertaken.</p> <p>Residential homes which provide respite care and residential care to Social Work clients are run by Dundee City Council, private sector providers and voluntary bodies. Currently, there are four Dundee City Council homes and approximately thirty private sector/voluntary providers. During 2006/07 approximately 145 clients received respite care in private sector/voluntary homes whilst the Council homes provided a similar service to 120 clients. There were approximately 650 adults and older people in private sector residential homes and 130 residents in Council homes during the same period.</p> <p>Some clients pay the full cost of their care, some pay a contribution to their care costs and some have the total cost paid by the Council. The level of contribution made by clients depends on their own individual circumstances and Social Work staff carry out financial assessments to determine the appropriate amount. Clients are then invoiced for their contribution. Contributions for residential care are invoiced at four-weekly intervals. Respite care contributions are invoiced after the respite care has ended.</p>
Scope and Objectives
<p>The objectives of this audit were to undertake a review of the systems operated in relation to charging clients for residential care and respite care. Areas examined included ensuring that services have been provided for all clients for whom a charge is levied, the adequacy of source documentation received, information from financial assessments is correctly reflected in invoice charges, accounts are raised timeously for all chargeable services, arrangements in respect of cancellations and credits notes are properly controlled and procedures operated in respect of disputes or complaints. The recovery of outstanding debt was excluded from audit fieldwork.</p>
Conclusion
<p><i>The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.</i></p> <p>The main areas commented upon in the report are as follows:</p> <ul style="list-style-type: none"> • In order to ensure that guidance is available to staff, a procedures manual detailing roles and responsibilities should be compiled. • In order to ensure that clients are billed as soon as possible after respite service is provided, private sector homes should be requested to submit their returns by the due dates and Social Work staff should be reminded of the necessity to submit funding agreements timeously.
Management Response to the Audit Report
<p>The audit findings and recommendations were formally reported to the Director of Social Work and appropriate action agreed to address the specific issues raised.</p>

x) INTERNAL AUDIT REPORT 2007/14

Department	Planning and Transportation
Subject	2006/07 Grant Claim : Cycling, Walking and Safer Streets

Introduction

In the 2006/07 financial year Scottish Ministers offered specific grant assistance to Dundee City Council to be used for the development of local cycling, walking and safer streets projects. The grant provision made to the Council for financial year 2006/07 was £245,000 and the actual expenditure was in line with this provision.

It is a requirement of the Conditions of Grant that the "Council shall by the 30 June in the financial year following receipt of any grant submit to Scottish Ministers a statement of compliance with the grant conditions sign by the Head of Internal Audit".

Scope and Objectives

The overall aim of this review was to enable the Chief Internal Auditor to provide an opinion as to whether or not the grant funding received in respect of the above subject has been spent in accordance with the related Terms and Conditions.

Conclusion

On the basis of examining the accounts and records of this grant claim, obtaining such explanations and carrying out such tests as deemed necessary, it is considered that the entries in the claim form are fairly stated, and that the sums claimed are properly due and have been used in accordance with the terms and conditions of the Offer of Grant.

xi) INTERNAL AUDIT REPORT 2007/15

Department	Finance
Subject	Pension Administration – Transfer Values and Refunds

Introduction

As part of the planned audit work for 2007/08 a review of Pension Administration - Transfer Values and Refunds was carried out. The Local Government Pension Scheme (LGPS) is administered at a local level and Dundee City Council is the administering authority for the Tayside Superannuation Fund (Main Fund). Pensions staff use the AXISE computerised system for all aspects of pensions administration.

The pension scheme is maintained for the benefit of its membership which comprises the majority of Local Government employees within Dundee City, Perth & Kinross and Angus Councils and employees of more than forty scheduled or admitted bodies. Elected Members can also now elect to join. Staff joining the various Councils or scheduled or admitted bodies who have current pension rights with another provider have the opportunity to transfer these into the LGPS should they so wish. If requested, Pensions Administration staff will write to the relevant pension provider to obtain a transfer value and will provide employees with details of the period of membership which can be purchased in the LGPS.

Staff leaving the employment of the Council with less than 2 years service can either elect to have their contributions refunded provided they have not transferred in any other pension rights or become employed by another local authority within one month of leaving or can request to have their contributions transferred to another scheme. Staff with more than 2 years service can elect to leave their pension rights in the scheme or can transfer their pension rights out into another scheme. The cash equivalent transfer value is calculated in accordance with LGPS (Scotland) Regulations 1998 which comply with the requirements of the Pension Schemes Act 1993.

Transfer in values during 2006/07 were in the region of £9.8m while transfers out were approximately £3.4m. Refunds for the same period were of the order of £0.4m. Comparative figures for 2005/06 were £7.7m, £5.6m and £0.3m respectively.

Scope and Objectives

The overall aim of this review was to examine the systems operated in respect of transfers values paid in, transfer values paid out and contributions refunded in respect of the Tayside Superannuation Fund (Main Fund) and formally report the findings. Procedures relating to the Tayside Transport Superannuation Fund were excluded from the scope of the audit.

Conclusion

The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.

The main areas commented upon in the report are as follows:

- In order to ensure that data which has been backed up from the AXISE system can be successfully restored if required, Information Technology staff should be formally requested to provide a copy of backed-up data which can be tested by the software supplier.
- In order to provide assurance that the entries in AXISE and the general ledger agree, entries in both systems should be reconciled on an annual basis.
- In order to improve the accessibility of information available to members, employers and pensioners of the Tayside Superannuation Fund, the relevant staff should be provided with the training necessary for putting material on the Internet.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Chief Exchequer Officer and appropriate action agreed to address the specific issues raised.

xii) INTERNAL AUDIT REPORT 2007/17

Department	Planning and Transportation
Subject	2006/07 Grant Claim : 20mph Speed Limits Around Schools/Safer Routes to Schools/Development of Home Zones

Introduction
<p>In the 2006/07 financial year Scottish Ministers offered specific grant assistance to Dundee City Council to enable the Council to pay for in whole or in part the capital costs incurred in work associated with the establishment of 20 mph speed limits around schools, safer routes to schools schemes and home zones. The grant provision made to the Council for financial year 2006/07 was £312,000, and the actual expenditure was in line with this provision.</p> <p>It is a requirement of the Conditions of the Grant that "the Local Authority shall by 30 June in each Financial Year submit to the Grantor an audit certificate signed by the head of its Internal Audit team (or equivalent).....showing actual expenditure met from the Grant paid to the Local Authority within the preceding Financial Year".</p>
Scope and Objectives
<p>The overall aim of this review was to enable the Chief Internal Auditor to provide an opinion as to whether or not the grant funding received in respect of the above subject has been spent in accordance with the related Terms and Conditions.</p>
Conclusion
<p><i>On the basis of examining the accounts and records of this grant claim, obtaining such explanations and carrying out such tests as deemed necessary, it is considered that the entries in the claim form are fairly stated, and that the sums claimed have been used in accordance with the terms and conditions of the Offer of Grant.</i></p>

xiii) INTERNAL AUDIT REPORT 2007/19

Department	Finance Revenues
Subject	Non-Domestic Rates – Liability and Billing

Introduction
<p>As part of the planned audit work a review of Non-Domestic Rates Liability and Billing was carried out.</p> <p>Non-domestic rates are a local tax based on the occupation of non-domestic property. Non-domestic properties are properties such as shops, offices, warehouses, factories and any other property that is not classed as domestic property. In some cases properties may be used for both domestic and non-domestic use in which case both council tax and non-domestic rates will be charged. It is the Assessor who determines the classification of properties.</p> <p>Non-domestic rates are levied on the basis of a uniform business rate multiplied by the rateable value of each non-domestic subject on the valuation roll. The uniform poundage rate is set by the Scottish Executive. In some cases, businesses and organisations may be entitled to rates relief, of which there are several types available. These include small business rates relief, disabled relief, empty property relief, discretionary relief and mandatory relief. There are distinct criteria which require to be met before the various reliefs can be awarded.</p> <p>For 2007/08 the standard poundage rate in Scotland is 44.1p for non-domestic subjects with a rateable value between £11,500 and £29,000 whilst those with a rateable value less than £11,500 may receive a discount of between 5 and 50 per cent on the poundage rate. The rate poundage for properties with a rateable value in excess of £29,000 in 2007-08 is 44.4p. At March 2007 there were approximately 5,400 properties being billed by Dundee City Council for Non-Domestic Rates with an associated income of approximately £73.7m.</p>
Scope and Objectives
<p>The overall aim of the assignment was to review the systems operated in respect of Non Domestic Rates - Liability & Billing and formally report the findings. Areas examined included guidance issued to staff, determination of and amendments to liability, procedures operated in granting relief and exemptions, issuing of demands, reconciliation procedures and security of data.</p>
Conclusion
<p><i>The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.</i></p> <p>The main areas commented upon in the report are as follows:</p> <ul style="list-style-type: none"> • To ensure that empty property relief is being awarded appropriately, Liaison staff should endeavour to visit a selection of these properties on a rotational basis. • To provide a fuller service to local businesses and organisations, consideration should be given to making the disabled relief and the empty property relief application forms available on the Council website.
Management Response to the Audit Report
<p>The audit findings and recommendations were formally reported to the Head of Income and Recovery and appropriate action agreed to address the specific issues raised.</p>