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**To**  
Audit and Procurement Committee

**Date**  
16<sup>th</sup> February 2015

**Subject**  
Internal Audit Report Update – Council Tax Exemptions and Discounts

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## **1 Background**

In 2013 an Internal Audit review took place of Council Tax Discounts and Exemptions (excluding single person discounts). The conclusion from the audit was that only '*limited*' assurance could be provided that the Council had effective processes in place to minimise the risk of fraud and error in relation to the award of council tax discounts and exemptions.

In terms of the key issues, these included:

- Instances highlighted where there was evidence that the exemption was no longer valid.
- A lack of dedicated resources in place specifically to monitor the on-going validity of discounts and exemptions that have been granted.
- Procedures were not sufficiently robust to support both the awarding and monitoring of discounts and exemptions.

Whilst updates have been provided to the Committee in 2013 and 2014, it was agreed that a further report would be presented to the Audit and Procurement Committee once the outstanding issues were resolved.

## **2 Update**

A summary of the action taken to date is outlined below.

- 2.1 The findings of this review, along with other fraud and error issues were considered by a working group, made up of officers from relevant areas including Council Tax and Internal Audit. In considering the response to the audit report, the key issue was that whilst the findings of the review were accepted, the scale of the problem was unclear. It was agreed that a project approach was the best way to take this issue forward in that it would assist in establishing the scale of the issue, which in turn would allow management to put in an appropriate solution in the medium to long term.

2.2 The project resulted in revised bills being generated to the value of approximately £117,000. This needs to be considered in the context that:

- When the project finished, there were over 50 further cases awaiting a management decision where there was no evidence to support the exemption currently awarded, and
- Due to resource constraints, the project only considered around 50% of Council Tax discounts / exemptions (excluding single person discounts) that were in place at the time of the review.

2.4 In reviewing this project, the following factors were considered critical to its success:

- Having a dedicated resource to undertake the work with support as requested from officers in both Council Tax and Internal Audit.
- The expectation that the individual claims would be continually pursued until evidence could be found to validate the discount / exemption.
- Focusing the limited project resource on those discounts / exemptions where change was more likely to occur.
- Using a wide range of both internal and external data sources to assist in the process.

### **3 Approach Going Forward**

3.1 To supplement existing processes within Council Tax, an on-going programme of proactive reviews based around the approach highlighted in 2.4 above will be undertaken. Resources have been identified to undertake such work as part of a wider remit looking at fraud and error in the Council. The outcome of such reviews will also be used to identify improvements in processes covering discounts and exemptions.

3.2 Updates on the impact of this approach will be included in routine Internal Audit reports to the Audit and Procurement Committee during 2015-16.

**Tim Savill, Head of Revenues and Benefits**  
**Stephen Mangan, Internal Audit and Risk Manager**  
**5 February 2015**