

Final Internal Audit Report

Council Tax (Limited Scope)

July 2021

Distribution: Interim Executive Director of Resources and Council Monitoring Officer
Head of Customer Contact and Revenues & Benefits
Strategic Collection Manager
Council Tax Collection Manager

Assurance Level	Issues Identified	
Full Assurance	Priority 1	0
	Priority 2	0
	Priority 3	0

[Confidentiality and Disclosure Clause](#)

This report ("Report") was prepared by Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of London Borough of Croydon and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.

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1. Terms of Reference
2. Definitions for Audit Opinions and Identified Issues
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1. Introduction

- 1.1. Council Tax was introduced in April 1993 as a means for Local Authorities to collect contributions from households towards the cost of Local Authority services. It is a property tax, with the amount set locally by Councils and charged according to the valuation band of the individual property.
- 1.2. In Croydon, Council Tax is administered by the Council Tax Team, who use the Northgate Revenues System application for the identification, collection and accounting of Council Tax
- 1.3. As part of its response to COVID-19 pandemic, the Government introduced the Covid-19 Hardship Fund and announced in the Budget on 11 March 2021 that it would provide local authorities in England with £500m of new grant funding to support economically vulnerable people and households in their local area. The expectation is that the majority of the hardship fund will be used to provide council tax relief, alongside existing local council tax support schemes
- 1.4. Allocation of funding for each authority is on the basis of their share of national caseload of working age Local Council Tax Support (LCTS) recipients using the published data (2019-20, Q3). The allocation for the London Borough of Croydon for the financial year 2020-21 was £4.39m based on 20,314 working age caseloads in 2019/20 Q3.
- 1.5. It should be noted that this was not a full council tax audit, only covering some key aspects of general council tax management and focusing on the hardship fund.
- 1.6. The fieldwork for this review was completed during the government measures put in place in response to COVID-19. While our review and testing was performed remotely, we have been able to obtain all relevant documents required to complete the review.
- 1.7. The audit was undertaken as part of the agreed Internal Audit Plan for 2020/21. The objectives, approach and scope are contained in the Audit Terms of Reference at Appendix 1.

2. Key Issues

- 2.1 **There were no issues identified from the work performed.**

AUDIT TERMS OF REFERENCE

Council Tax

1. INTRODUCTION

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- 1.2 In Croydon, Council tax is administered by the Council Tax Team, who use the Northgate Revenues System application for the identification, collection and accounting of council tax.
- 1.3 As part of its response to COVID-19 pandemic, the Government introduced Covid-19 Hardship Fund and announced in the Budget on 11 March that it would provide local authorities in England with £500m of new grant funding to support economically vulnerable people and households in their local area. The expectation is that the majority of the hardship fund will be used to provide council tax relief, alongside existing local council tax support schemes.
- 1.4 Allocation of funding for each authority is on the basis of their share of national caseload of working age Local Council Tax Support (LCTS) recipients using the published data (2019-20, Q3). The allocation for London Borough of Croydon for the financial year 2020-21 is £4.39m based on 20,314 working age caseloads in 2019/20 Q3.
- 1.5 This audit is being undertaken as part of the agreed Internal Audit Plan for 2020/21.

2. OBJECTIVES AND METHOD

- 2.1 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.2 The audit will for each controls / process being considered:
 - Walkthrough the processes to consider the key controls;
 - Conduct sample testing of the identified key controls, and
 - Report on these accordingly.

3. SCOPE

- 3.1 This audit included the following areas :

Control Areas/Risks	Issues Raised		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Council Tax Hardship Fund – Relief & Support	0	0	0
Discount and Reduction Applications	0	0	0





Council Tax 2020/21

Collections and Refunds	0	0	0
Accounting and System Reconciliations	0	0	0

Definitions for Audit Opinions and Identified Issues

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are constantly applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance of the controls which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and non-compliance that puts achieving the system objectives at risk,
	No Assurance	Controls are non-existent or extremely weak, leaving the system open to the high risk of error, abuse and reputational damage.

Priorities assigned to identified issues are based on the following criteria:

Priority 1 (High)	Fundamental control weaknesses that require immediate attention by management to action and mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that still represent an exposure to risk and need to be addressed within a reasonable period.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk, still provides an opportunity for improvement. May also apply to areas considered to be of best practice that can improve for example the value for money of the review area.

Statement of Responsibility

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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