



**ORKNEY**  
ISLANDS COUNCIL

## INTERNAL AUDIT

### Non Domestic Rates

### Final Audit Report

**2014/15**

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Executive Director of Corporate Services

Head of Finance

Revenues Manager

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## EXECUTIVE SUMMARY

- Our review found that the procedures in place for the administration and billing of Non Domestic Rates are reliable and robust.
- A number of good procedures are in place and internal controls operate well, for example:-
  - Collection rates for the last five years were studied, and it was found that Orkney Islands Council maintains a collection rate exceeding 98% of NDR due.
  - All amendments are entered timeously and only made upon written instruction from the Assessor or the rate payer.
  - All amendments to the NDR system are checked for correctness by a second employee.
- The review raised only minor issues, which were discussed with the Revenues Manager and amended where necessary.
- The assistance provided by officers contacted during the course of the audit is gratefully acknowledged.

**INTRODUCTION**

Non Domestic Rates are a form of local taxation that helps to provide Council Services. Rates are paid on buildings that aren't used as homes – commercial properties used by businesses, for example, the amount charged depends on the rateable value of the property, which is determined by the Assessors from the Orkney and Shetland Valuation Joint Board.

Rates are collected from owners and, or occupiers of non-domestic properties by the Authority and paid into the national pool. The national pool then redistributes the income to authorities on the basis of the population in the area.

**AUDIT SCOPE**

The objectives of the audit were to seek assurance that the Authority has systems in place to ensure that all records are up to date, and that all payments received, reliefs granted, refunds processed and recovery action is administered correctly and efficiently.

- All relevant data from the valuation roll is promptly and correctly transferred to the assessment roll.
- Bills are correctly calculated (including discounts and reliefs etc) for all relevant properties.
- Only valid amendments are made to the billing system.
- Payments received are promptly processed and correctly posted to the rate payers' accounts.
- Write offs, cancellations and refunds are properly controlled.
- Arrears follow up procedures are properly controlled.

**Audit Findings**

- 1.1 The audit work carried out has confirmed that the procedures in place for the administration of the Non Domestic Rates are robust with internal controls operating well.
- 1.2 The audit findings identified two administrative errors, which were discussed with the Revenues Manager directly. Assurance was gained that these issues would be addressed immediately and there is therefore no requirement for Internal Audit to make any recommendations following this review.