Glasgow City Council Internal Audit Section
Committee Summary
Financial Services – Council Tax Discounts, Exemptions and Premiums

Item 3(e)

20th March 2024

1 Introduction

1.1 As part of the agreed Internal Audit plan, we have carried out a review of Council Tax discounts, exemptions, and premiums.

1.2 The Council is responsible for the administration and collection of Council Tax (CT), which includes the awarding of discounts and exemptions, and the charging of premiums for certain empty properties.

1.3 The Council approved a 5% Council Tax increase as part of the budget for 2023/24. In addition, legislative changes came into force in relation to the qualifying criteria for the award of some Council Tax discounts and / or exemptions, including severely mentally impaired persons, apprentices, and persons from Ukraine.

1.4 At the time of the audit fieldwork, there was a total of 171,636 live discount and exemption awards, and 3,618 accounts that had been charged a premium on an empty property (currently double Council Tax charge for properties which meet set criteria).

1.5 The scope of the audit was to gain assurance that the changes to Council Tax for 2023/24 were appropriately implemented and reflected within the systems, policies, and procedures, that charges and discounts continue to be calculated accurately, and to ensure that bills issued reflect the correct charges and discounts. This included:

- Ensuring that documented policies and procedures relating to Council Tax discounts, exemptions and premiums are available to all relevant staff, and, where appropriate, training has been provided.
- Performing a walkthrough of the processes for calculating and applying discounts, exemptions, and premiums.
- Ensuring that ongoing quality checking processes are in place to identify and correct instances of error or fraud.
- Reviewing changes to council tax systems to ensure that they are configured to correctly calculate and apply the new charges.
- Reviewing a sample of discounts, exemptions, and premiums to ensure they have been applied correctly.

2 Audit Opinion

2.1 Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and two recommendations which management should address.

3 Main Findings

3.1 We are pleased to report that key controls are in place and generally operating effectively. There is a suite of comprehensive documented procedures which have been updated to reflect the recent legislative changes and are available to all relevant staff. We also found that staff are provided with training when there are changes to legislation and refresher training can be requested when required.

3.2 The system changes which were required were made in a timely manner, and testing was completed and signed off prior to the 2023/24 billing exercise.

3.3 There is a Quality Checking Team which is responsible for undertaking audits of a sample of inputs to the Council Tax system. There are two levels of checking; level one which assesses whether the bill is correct, and level two which is a more in-depth review which includes ensuring both the bill and the administrative processes are correct.

3.4 However, our audit testing identified some areas of non-compliance with procedures. We obtained a report of all live discounts and exemptions from which we selected a sample of 50 accounts for review (20 discounts and 30 exemptions). We found that in 1 out of 50 cases there was an error in the amount of Council Tax charged. In a further 4 cases we found that, although the charge was correct, the administrative requirement (such as updating system notes) had not been met in full.

3.5 We also selected a sample of ten empty property cases for review, this included discounts, exemptions, and premiums. We found that in one of the ten cases the charge was incorrect, in another two cases there was insufficient evidence to support the calculation of the charge, and in one further case the administrative requirements had not been met in full.

3.6 Procedures state that some exemptions and discounts should be subject to review to ensure the qualifying conditions are still met. The review period for each discount and exemption is detailed within the relevant procedure notes. From the total sample of 60 cases, we found that 24 should be subject to review through application of a future end date,

however, in 3 of the 24 cases, the end date field was not populated.

3.7 An action plan is provided at section four outlining our observations, risks and recommendations. We have made one recommendation for improvement. The priority of this recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	2
Low	Lower level controls absent, not being operated as designed or could be improved.	0
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

3.8 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.

3.9 We would like to thank officers involved in this audit for their cooperation and assistance.

3.10 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

4 Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Council Tax discounts, exemptions and premiums have been applied correctly and an adequate audit trail is maintained.				
1	From review of a sample of 60 cases (20 discount awards, 30 exemptions and 10 empty properties), we identified the following issues: **Discounts:** • One instance where a 25% discount has been awarded without proof of entitlement. • One instance where the non-liable residents should have been recorded on the CT system and a provisional end date should have been applied to ensure entitlement was reviewed. • Three instances where notes had not been added to the system to reflect the action taken by the administrative officer. **Exemptions:** • One instance where notes were not added to the system to reflect the action taken. **Empty Properties:**	Management should: • Review the full sample findings provided by Internal Audit and ensure that appropriate corrective action is taken. • Communicate the findings from the sample to all staff, and if required, provide training to ensure that similar errors do not happen in the future. • Remind staff of the importance of adhering to the requirements outlined in the documented procedures and ensuring adequate account notes are added to all accounts following any system input / updates.	**Medium**	**Response:** Accepted **Officer Responsible for Implementation:** Operations Manager (Revenues) **Timescales for Implementation:** 30 April 2024

No.	Observation and Risk	Recommendation	Priority	Management Response
	• Two instances where a discount or exemption was awarded with insufficient proof that the qualifying conditions were met, and in one of these cases the award was made without a provisional end date meaning it would not be reviewed. • One instance where the Long-Term Empty Premium had been applied from the incorrect date; an additional six months of premium (double CT) should have been applied. • One instance where notes added to the system to reflect action taken on the account were insufficient. Full details of sample results will be provided to the CT team for review / action.			

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Council Tax Discounts, exemptions and premiums are subject to regular review in line with documented procedures.				
2	Most exemptions and discounts should be subject to review to ensure the qualifying conditions are still met. The review period is detailed within the procedure note and the review is prompted by applying a future end date when processing an award. The only categories which are awarded on an open-ended basis are exemptions and discounts which should not change due to the permanence of the condition (such as Severe Mental Impairment (SMI)). Single Person's Discount (SPD) is also awarded on an open-ended basis but is reviewed periodically by a third party. From the sample of 60 cases selected for review, 24 of these were required to be reviewed through application of a future end date. We found that in 3 of the 24 cases, a provisional end date had not been applied. This increases the risk that the CT is not being billed and collected correctly.	Management should remind staff of the importance of adhering to the requirements outlined in the procedure manuals regarding end dates for awards of discounts and exemptions, and, if required, refresher training should be provided. Management should also consider if further action could be taken to ensure the process is being followed as required, e.g. by increasing the level of checks undertaken or by reviewing the system records using data analytics.	**Medium**	**Response:** Accepted. Further investigation will take place to establish what Management Information and analytics can be put in place to identify review dates. **Officer Responsible for Implementation:** Operations Manager (Revenues) **Timescales for Implementation:** 30 April 2024