

**AGENDA ITEM 6  
REPORT NO. VAL/13/17**

**HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD**

**Date:** 22<sup>nd</sup> September 2017

**Report Title:** **Internal Audit Report – Valuation Roll & Council Tax List**

**Report By:** Corporate Audit Manager, The Highland Council

**1. Purpose/Executive Summary**

1.1 This report provides details of the audit work undertaken since the last report to the Board on 30/11/16.

**2. Recommendations**

2.1 The Board is asked to consider the content of the attached report and the audit opinion provided, and to raise any relevant points with the Corporate Audit Manager.

### **3. Internal Audit Report**

- 3.1 Since the last report to the Board there has been one audit report issued relating to a review of the Valuation Roll & Council Tax List. This report has the audit opinion of Substantial Assurance and contains 1 medium grade recommendation relating to the timely valuation of new build properties.
- 3.2 Each Internal Audit report contains an audit opinion based upon the work performed in respect of the subject under review. There are five audit opinions which can be provided:
- (i) Full Assurance: There is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.
  - (ii) Substantial Assurance: While there is a generally a sound system, there are minor areas of weakness which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
  - (iii) Reasonable Assurance: Whilst the system is broadly reliable, areas of weakness have been identified which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk
  - (iv) Limited Assurance: Weaknesses in the system of controls are such as to put the system objectives at risk, and/ or the level of non-compliance puts the system objectives at risk.
  - (v) No Assurance: Control is generally weak, leaving the system open to significant error or abuse, and/ or significant non-compliance with basic controls leaves the system open to error or abuse.

Designation: Corporate Audit Manager

Date: 1<sup>st</sup> September 2017

Author: Donna Sutherland

Background Papers:



## **Internal Audit Final Report**

Assessor's Department

Valuation Roll & Council Tax List

**Distribution:**  
Assessor & ERO

**Report Ref:** ASS01/001.bf  
**Draft Date:** 06/04/17  
**Final Date:** 31/08/17

## 1. Introduction

- 1.1 An audit review of the Highlands and Western Isles Assessor's valuation arrangements for Council Tax (CT) and Non-Domestic Rates (NDR) establishments was undertaken. At 1 April 2016, there were 139,474 properties on the CT list and 20,159 NDR establishments on the Valuation Roll (VR).
- 1.2 The Assessor is responsible for the valuation of all domestic and non-domestic properties for local taxation purposes. Although postponed until 2017, valuation of NDR properties is normally undertaken every five years; the last one was undertaken during 2010. Generally, Council Tax valuation bands remain unchanged unless the property is sold.

## 2. Main Findings

### 2.1 *Accuracy of records held*

This audit objective was substantially achieved as there are controls and processes in place to identify all relevant properties for inclusion in the Council Tax list or Valuation Roll. However, the process for capturing completed new builds for onward valuation was not as reliable as one property was overlooked and as such, was omitted from the valuation process.

Using independent sources such as telephone directories and Estate Agent house sale particulars, a random sample of thirty CT and ten NDR properties were selected for examination. Four CT dwellings were excluded as these were new builds and the address information was not sufficiently detailed to allow this to be checked. Of the remaining twenty six, one newly built rural property in Achnasheen, listed for sale in January 2016, was recorded on the CATS database but had not been valued. As a result, this was not recorded on the Council's Revs and

Bens billing system. In response to the audit query, the property has now been valued and details were provided for billing purposes in February 2017; this resulted in the property being liable for Council Tax from December 2016 onwards.

### 2.2 *Complete & timely valuations*

The second objective was fully achieved as from a sample of ten new builds, nine valuations were completed on time. In one case, a property located in Skye was first occupied on 19/06/15, but the valuation did not take place until 01/12/15. However, the Assistant Assessor stated that resources had been diverted towards preparation for the 2017 revaluation exercise which has resulted in some slippage in timescales. It is considered likely that this is the reason for the missed valuation at 2.1 above.

### 2.3 *Notification of changes*

This objective was fully achieved. A sample of thirty recently revalued properties was examined to ensure valuation notices were distributed to the proprietor and each alteration was supported by an appropriately authorised amendment sheet.

### 2.4 *Valid amendments*

This objective was fully achieved.

A sample of eight re-banded CT Sales and twenty two NDR Valuation Roll changes were selected for examination. Two CT and one NDR properties were excluded as they were the responsibility of Western Isles Council. Of the remaining twenty seven changes, the property addresses and valuation details extracted from the Assessor's records were accurately reflected in the Highland Council's billing system.

### 3. Audit Opinion

3.1 The opinion is based upon, and limited to, the work performed in respect of the subject under review. Internal Audit cannot provide total assurance that control weaknesses or irregularities do not exist. It is the opinion that **Substantial Assurance** can be given in that while there is generally a sound system, there are minor areas of weakness which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

An action plan is provided at section 4 detailing the recommendations for improvement together with the management response. This contains **1** recommendation as follows:

Description	Priority	No.
Major issues that managers need to address as a matter of urgency.	High	0
Important issues that managers should address and will benefit the Organisation if implemented.	Medium	1
Minor issues that are not critical but managers should address.	Low	0

#### 4. Action Plan

Priority	Finding	Recommendation	Management Response	Implementation	
				Responsible Officer	Target Date
Medium	<p>From a sample of twenty six Council Tax properties, one rural new build had not been valued at least a year after it was completed. Furthermore, it was confirmed that work priorities meant that there were delays with the inspection and valuation of properties, particularly where these are in rural locations. This was evidenced by another property where the valuation took place six months after it was occupied.</p> <p>These delays will then impact upon the Council as the relevant Council Tax bills cannot be issued on time.</p>	<p>It should be ensured that all completed new build properties are valued within a reasonable timescale.</p>	<p>Continuing efforts shall be made to achieve this outcome within the constraints of available resource at any given time. A current review of systems will take full account of this objective in the design and planning stages.</p>	Assessor	Ongoing