

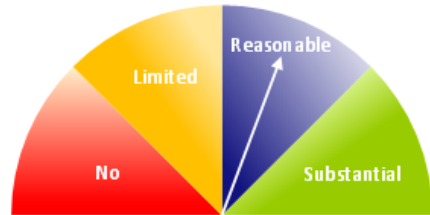
The following are the Internal Audit reports, of each audit review finalised,
since the last Committee update

Business Rates – Final Report – April 2026

Audit Objective

To ensure that key financial system controls are operating effectively for Business Rates and that opportunities for error, fraud or corruption are minimised.

Executive Summary



Assurance Opinion

The review highlighted a generally sound system of governance, risk management and control in place. We identified some issues, non-compliance or scope for improvement which may put at risk the achievement of objectives.

Management Actions








Priority 1	0
Priority 2	3
Priority 3	4
Total	7

Organisational Risk Assessment

Medium

Our audit work includes areas that we consider have a medium organisational risk and potential impact.

Key Conclusions

	During 2025/26 537 properties received Empty Property Relief and the last recorded inspection took place over 3 years ago. The lack of planned reviews exposes the authority to the potential risk of fraud, with £1,240,752 of this relief awarded in 2025/26.
	The Rural Settlement List, which is essential for the accurate application of Rural Rate Relief, has not been updated on the Council Website since 2015. It is required to be updated and published annually by the Council under Section 42B of the Local Government Finance Act 1988.
	A reconciliation is performed monthly of the Business Rates system to cash receipting and the general ledger. Variances are recorded and the service area investigate any discrepancies. However, we could not find any evidence of management oversight or sign off of these reconciliations.
	Sampling of Charity Relief cases highlighted inconsistencies with the integrity of data recorded, primarily charity numbers. In addition to this, a business was found to be recorded as a charity instead of a Community Interest Company and therefore receiving the wrong relief.
	VOA schedules are accurately updated in the Academy system, with sign-off spreadsheets maintained and authorised. Several discrepancies are being investigated and remain unresolved due to system integrity issues or pending VOA updates.
	Overall, Business Rates Reliefs tested were found to be correctly applied and administered, with no material errors identified in calculation or billing. However, governance, assurance and review weaknesses were identified, primarily relating to periodic reviews and the maintenance of key procedural documentation.
	The amendments to standing data within the Business Rates system for the 2025/26 billing process, specifically annual updates, such as multiplier changes, were accurately input and aligned with published government multipliers, ensuring compliance and proper authorisation.

Audit Scope

As part of this work, we reviewed:

- Reconciliations of the Business rates system to the General Ledger and cash receipting system, including suspense accounts;
- Reconciliation between VOA and Business Rates system;
- Discounts, exemptions and reliefs applied;
- Suppressed accounts, credit balances;
- Exception reports and the regular review of the suspense account. Including notifications of new or altered properties;
- Access to the systems, permissions, leavers and amendments to standing data.

Scope Limitations:

- Business Rate arrears, debt recovery and write offs;
- Reconciliation of bills and amendments.



Planning decisions and building control notification processes, in respect of new / alterations to properties is functioning well.

Other Relevant Information

A review of 2025/26 Small Business Rate Relief (SBRR) accounts found that 64% did not return enquiry forms by December 2025. As a result, SBRR is to be removed from these accounts for 2026/27, withholding an estimated £6.26 million in relief.

A comprehensive review of Business Rates accounts in credit was completed during Q2 2025/26. This addressed long-standing credits on both live and closed accounts, resulting in the clearance of £1.547m on closed accounts through refunds, transfers, or write-offs.

Unreviewed account suppressions have previously halted the normal billing and recovery process. An ongoing project has reduced the pre-enforcement debt on hold from £1,263,364 as of 01/04/2025 to £586,727 as at 25/11/2025, with accounts now able to progress through normal billing and recovery stages.

Another project has reduced Circumstance Codes from 9,297 to 1,218 (1,069 information-only), with new authorisation and monthly monitoring in place ensuring codes do not incorrectly halt recovery.

Early Years Compliance – Final Advisory Report – May 2026

Audit Objective

To provide high-level advice regarding the Early Years audit process, taking into consideration statutory requirements and best practice.

Assurance Opinion

Advisory

This piece of work is related to advice, and no assurance opinion is required.

This advisory audit was requested by the Finance Business Partner - Schools and Education Service, Early Years Lead Improvement Advisor, Head of Learning and Achievement and Service Director for Education and Skills in response to updated statutory guidance on schools and early years finance. A new role has been created to develop and deliver a programme of compliance monitoring, and Internal Audit were commissioned to support this by reviewing the proposed audit process.

Risks Reviewed

If statutory obligations are not met the Council could be taken to the Ombudsman, which creates reputational risk.

Vulnerable families will not be accessing the free childcare to which they are entitled.

Assessment

High

Summary of Advice Provided

The following advice was provided to the Early Years Lead Improvement Advisor, Early Years Funding and Auditing Support Officer, Early Years Improvement Advisor and EEF Transactional Officer during this advisory audit:



- Creation and delivery of compliance audit training, with reference to Early Years. The presentation was sent via email to the officers and included advice as to:
 - how to determine which providers to audit using a risk-based methodology
 - how to conduct planning, fieldwork and reporting activities
 - how to undertake root-cause analysis
- Creation of a basic example compliance audit template that provides a worked example based on the key elements within the compliance training provided. This is provided in Appendix 1 of this report.
- Review of Council A, R (on the application of) v Local Government and Social Care Ombudsman case with the team, including discussion of how to draw out elements that could be incorporated into their compliance framework.
- How to incorporate the criteria within Agreement between the provider and the Council into the compliance framework eg gather evidence to support any statements of ‘must’ and ‘not permitted’.
- Key elements to include when the Council create a template invoice to be used by the providers, such as clearly identifying what the voluntary contribution is, what it is for, what the total payment is with and without the voluntary contribution.
- Benchmarking and resources from Council B, Council C, The Early Years Network, Early Years Alliance, East Midlands RIIA, London Innovation and Improvement Alliance, Early Years Stronger Practice Hubs, and the National Quality Improvement Network. The detailed advice was provided to officers via email.

Audit Scope

We reviewed the current compliance framework and provided advice and training regarding the creation of templates, audit techniques, and benchmarking across local authorities.

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