

ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	9 December 2020
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Internal Audit Report AC2102 – Revenues and Benefits System
<b>REPORT NUMBER</b>	IA/AC2102
<b>DIRECTOR</b>	N/A
<b>REPORT AUTHOR</b>	Colin Harvey
<b>TERMS OF REFERENCE</b>	2.2

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**1. PURPOSE OF REPORT**

- 1.1 The purpose of this report is to present the planned Internal Audit report on the Revenues and Benefits System.

**2. RECOMMENDATION**

- 2.1 It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

**3. BACKGROUND / MAIN ISSUES**

- 3.1 Internal Audit has completed the attached report which relates to an audit of the Revenues and Benefits System.

**4. FINANCIAL IMPLICATIONS**

- 4.1 There are no direct financial implications arising from the recommendations of this report.

**5. LEGAL IMPLICATIONS**

- 5.1 There are no direct legal implications arising from the recommendations of this report.

**6. MANAGEMENT OF RISK**

- 6.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are as detailed in the attached appendix.

## 7. OUTCOMES

- 7.1 There are no direct impacts, as a result of this report, in relation to the Council Delivery Plan, or the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place.
- 7.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

## 8. IMPACT ASSESSMENTS

<b>Assessment</b>	<b>Outcome</b>
<b>Impact Assessment</b>	An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.
<b>Privacy Impact Assessment</b>	Not required

## 9. APPENDICES

- 9.1 Internal Audit report AC2102 – Revenues and Benefits System.

## 10. REPORT AUTHOR DETAILS

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## **Internal Audit Report**

### **Customer**

# **Council Tax & Benefits System**

**Issued to:**

Andy MacDonald, Director of Customer Services  
Jacqui McKenzie, Chief Officer - Customer Experience  
David Gammie, Chief Officer – Digital and Technology  
Fraser Bell, Chief Officer – Governance  
Jonathan Belford, Chief Officer – Finance  
Wayne Connell, Revenues and Benefits Manager  
Helen Cannings, Data Protection Officer  
External Audit

## EXECUTIVE SUMMARY

The Council administers Council Tax and Benefits through the Revenues and Benefits System. During 2019/20 the system administered income due to the Council totalling over £125 million for 119,528 properties and the award of £49.6 million of Housing Benefits and £9.95 million of Council Tax Reductions for 10,695 and 13,321 benefit recipients respectively.

The objective of this audit was to provide assurance over system controls, including access controls, system security and backups, interfaces, business continuity and contingency plans.

In general system controls were found to be operating adequately. Comprehensive written procedures and a timetable of scheduled system updates were in place. The current support and maintenance contract was appropriately procured and the Cluster has advised Committee that market testing of alternative systems will be undertaken to ensure best value is being obtained. Annual Billing system changes and system upgrades were tested as expected prior to going live. In addition, back up arrangements were adequate in general and the system interfaces were operating as expected.

Recommendations have been agreed to improve system access controls, data protection arrangements and the treatment of un-matched payments.

The system support and maintenance provider has direct access to the Council's Revenues and Benefits system to facilitate delivery of system support and maintenance. Under the General Data Protection Regulation (GDPR) personal data should be adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed (data minimisation). Customer Experience has agreed to restrict support and maintenance provider access to the Revenues and Benefits system to when it is required.

It is also a requirement under the GDPR that where a data controller such as the Council uses a data processor to process personal data, the processing should be governed by a contract. Such a contract is not in place with the system support and maintenance provider and the Council's Sherriff Officers, with whom system personal data is shared. Customer Experience has agreed to work with the Council's Data Protection Officer to complete a data protection impact assessment (DPIA), in order to assess the system's data protection risks and to take any necessary action as a result. A DPIA was not required previously since the system's use by the Council pre-dates the introduction of the GDPR.

The system Council Tax suspense account acts as a holding account should any payment fail to post to the appropriate customer account and the related customer cannot be identified. The suspense account was reviewed as at 20 August 2020, and it was found there were 1,559 un-matched payments totaling over £80,000. Since the related customer accounts have not been credited with this income, it is owed to the customers concerned. Customer Experience has agreed to establish a process for when it is deemed appropriate to return long standing Council Tax suspense account funds to the originating banks and to return suspense payments to the respective customer banks in line with this process. The Council Tax suspense account is currently cleared by the Council Tax team however corrections are not presently subject to review. Customer Experience has agreed to establish a system of review for the reallocation of payments held in suspense to provide further assurance that they are being allocated correctly.

# 1. INTRODUCTION

- 1.1 The Council administers Council Tax and Benefits through the Revenues and Benefits System. The Revenues Support System team (System team) is responsible for the administration of the system, with the transactional data being processed by staff in the Revenues and Benefits Teams.
- 1.2 During 2019/20 the system administered income due to the Council totalling over £125 million for 119,528 properties and the award of £49.6 million of Housing Benefits and £9.95 of Council Tax Reductions for 10,695 and 13,321 benefit recipients respectively.
- 1.3 The objective of this audit was to provide assurance over system controls, including access controls, system security and backups, interfaces, business continuity and contingency plans.
- 1.4 The factual accuracy of this report and action to be taken with regard to the recommendations made has been agreed with Jacqui McKenzie, Chief Officer - Customer Experience, Wayne Connell, Revenues and Benefits Manager, David Gammie, Chief Officer - Digital and Technology and Helen Cannings, Data Protection Officer.

## **2. FINDINGS AND RECOMMENDATIONS**

### **2.1 Written Procedures**

- 2.1.1 Comprehensive written procedures which are easily accessible by all members of staff can reduce the risk of errors and inconsistency. They are beneficial for the training of current and new employees and provide management with assurance that correct and consistent instructions are available to staff, especially in the event of an experienced employee being absent or leaving.
- 2.1.2 The Revenues Support System team (System team) has written procedures covering all tasks undertaken by staff within the Section. These are maintained on SharePoint and are accessible to all staff who require them. The Service advised procedures are reviewed whenever a system update is carried out and also when new staff are being trained, to ensure they are current. The procedures have been updated to reflect the year end and annual updating changes.
- 2.1.3 Along with written procedures, new staff will only be given access to the Live system after they have received training from line managers and peers within the transactional teams. This training is carried out on a Training database within the Revenues and Benefits system which mirrors the Live database.

### **2.2 Contracts**

- 2.2.1 On 28 May 2019 the Strategic Commissioning Committee (SCC) approved a four year extension of the support and service contract, by direct award, of the Revenues and Benefits system, at a cost of £425,444. The process followed for the extension complied with the Council's Procurement Regulations, applicable at the point of the contract extension. The contract details were not recorded on the Council's contracts register in line with procurement legislation during the course of the audit; however the Cluster was aware of this issue and the contract register has since been updated.
- 2.2.2 The supplier of the Revenues and Benefits system, subject to corporate takeovers, has remained unchanged for approximately 19 years. The Council's Financial Regulations state it is a statutory duty for the Council to obtain best value and that all purchasing must comply with the Council's Procurement Regulations. Procurement Regulations and The Procurement (Scotland) Regulations 2016 require procurements over £50,000 to be adequately advertised to ensure open competition.
- 2.2.3 The business case reported to Strategic Commissioning Committee on the 28 May 2019 indicated that the reason for the direct award of the support and maintenance contract was due to the fact the support and maintenance is for a system provided by a specific supplier and it is highly unlikely that any other supplier would have the intellectual property capability to provide this service. Therefore, it was considered by the Cluster that having to re-tender would be exempt under clause 6(b)(ii) of the Procurement (Scotland) Regulations 2016, as competition is absent for technical reasons (only supplier with the intellectual property capable of issuing and supporting the maintenance updates for the system). Whilst this is likely to be the case, a new system could be procured by the Council which could be supported by an alternative supplier.
- 2.2.4 Customer Experience indicated in their business case that there is no immediate intention to look at procuring an alternative replacement system, however a review is proposed to take place in the form of market testing and exploring what options are available.
- 2.2.5 All external parties who require access to Council systems are required to complete a 'Third Party Access Registration form' before access is granted. This form sets out the

details of who requires access, the level of access and reason. It also sets out the roles and responsibilities of both the Council and the third party to ensure the system data is protected. Access to the system databases and applications / modules is provided via a VPN (Virtual Private Network). A third-party access registration form was last signed in 2011 by the Council and the system supplier. A revised process is currently in draft with IT which will see all such forms reviewed and updated on an annual basis

2.2.6 If there is a system fault, a call must first be logged with the system supplier by either the System team or IT, in order to resolve the issue. The supplier has a dedicated VPN providing “always-on” access to the Live and Test Solaris servers, where the Revenues and Benefits system data is held to provide the Remote Support / Database Administrator service for this system. The Revenues and Benefits system supplier has access to these servers via the ACC Vendor Access portal. The access is automatically recorded in a log file.

2.2.7 Under GDPR article 5(1)(c), “personal data shall be adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed (data minimisation)”. This is particularly relevant for special category data. Since access to the system is always available to the support and maintenance provider, and the system holds special category data, this increases the risk of unnecessary processing of this data by the support and maintenance provider, since access is only required by the provider when agreed with the Council.

<b><u>Recommendation</u></b>		
Access to the system by the support and maintenance provider should be restricted to the occasions when support and maintenance is required.		
<b><u>Service Response / Action</u></b>		
Agreed.		
<b><u>Implementation Date</u></b>	<b><u>Responsible Officer</u></b>	<b><u>Grading</u></b>
December 2020	Revenues and Benefits Manager	Significant within audited area.

## 2.3 Data Protection

### Data Processing Agreement

2.3.1 GDPR Article 28(3) and section 59(5) of the Data Protection Act 2018 require where a data controller such as the Council uses a Data Processor to process personal data on its behalf, that the processing be governed by a contract, binding the processor to the controller and setting out the subject matter and duration of processing, the nature and purposes of the processing, the type of personal data and categories of data subjects, and the obligations and rights of the controller and the processor.

2.3.2 GDPR Article 28 goes on to state the contract shall stipulate that the processor: only processes the personal data concerned on documented instructions from the Controller, including with regards to transfers of personal data to a third country or international organisation; the persons authorised to process the personal data have committed themselves to confidentiality; appropriate technical and organisational measures are put in place by the processor to protect personal data; personal data will be deleted or returned to the controller at the end of the provision of services relating to processing; and the processor will allow for and contribute to audits by the controller or another auditor mandated by the controller.

- 2.3.3 The only written contract currently in place with the system support and maintenance provider was signed in 2001 and no addendums have been issued to cover the above requirements. A recommendation has been made at paragraph 2.3.13 below.

#### Privacy Notices

- 2.3.4 In accordance with GDPR Article 13, where personal data relating to a data subject is collected, the Council uses privacy notices to: explain the purposes of processing; the legal basis for processing; the data subject's rights in relation to their personal data held by the Council; whether the data will be shared with any other parties; whether there is any automated decision making or profiling using the personal data; the retention period; and the contact details of the Data Protection Officer responsible for monitoring the Council's compliance with Data Protection legislation.
- 2.3.5 The Privacy Notice must provide information to individuals in a concise, transparent, intelligible and easily accessible way and must be written in clear and plain language. The Council publishes all of its privacy notices on its web site. As the Revenues and Benefits system is used to process and store personal data for a range of services, there are two privacy notices in place covering: Council Tax; and Housing Benefit and Council Tax Reduction.
- 2.3.6 As indicated in paragraph 2.3.4 above, in accordance with the GDPR, privacy notices must provide details of how long the Council will hold a customer's personal data for. This period is seven years unless the customer owes a debt to the Council. However, it was confirmed by the System team that although the Revenues and Benefits system has a delete facility, issues with the system interface with the electronic document management (EDM) system, which retains the letters and forms for each customer, means the deletion of records held in the Revenues and Benefits system is not currently taking place. The privacy notices for Benefits and Council Tax detail this issue

#### Information Asset Register

- 2.3.7 Article 30 of the GDPR specifies data controller record requirements relating to processing activities. The Council achieve this by way of an Information Asset Register (IAR) arranged in 4 parts by Information Asset Owner Register, Register of Data Flows, Register of Systems/Wrappers, and Register of Processing Activities. The Revenues and Benefits system is recorded on all parts of the IAR.
- 2.3.8 The system IAR details: the information owner; data steward; information asset description; information format; country processed in; location of system; supplier; business criticality; and Data Protection Impact Assessment (DPIA) status. It is also cross referred to the Data Flows used by the system.
- 2.3.9 The data flow workbook details the statutory requirement for holding the data, systems used by the data flow and general information relating to the data/system. It also has columns to indicate whether certain controls are in place

#### Data Sharing

- 2.3.10 A summary of the privacy notices published on the Council's website indicates personal data which the Council controls is shared with: Sherriff Officers; Local Authorities; the Scottish Government; External Audit; HMRC; and Police Scotland. The Grampian Valuation Joint Board staff also have access to personal data held in the Council Tax module of the system.
- 2.3.11 Section 5.4 'Information Sharing Protocols and Agreements' of the Council's Managing Information handbook covers the requirements when personal data is shared with another



Data Controller, stating “Any disclosure or sharing of personal data will be carried out in accordance with Data Protection law. Where data sharing is routine, i.e. more than ad-hoc, a Privacy Impact Assessment [otherwise known as a Data Protection Impact Assessment] shall be undertaken, and a Data Sharing Agreement or Information Sharing Protocol shall be put in place between parties to the agreement”. The exception is External Audit, who are entitled to system access, in accordance with section 100 of the Local Government (Scotland) Act 1973, Auditor’s right of access to documents. Where the Council shares personal data with a Data Processor, a Data Processor Agreement is required as per paragraph 2.3.1 above.

2.3.12 For new systems or data processing proposals, information gathered as part of the Council’s Data Protection Impact Assessment (DPIA) process provides the basis for a drafting of an appropriate Data Sharing Agreement. The DPIA should be reviewed by the Information Asset Owner (third tier manager) and Data Protection Officer. There is no DPIA in place for any of the three databases within the Revenues and Benefits system, as this system has been in place since 2001.

2.3.13 A review of the third party Data Processors and Controllers with whom personal data held in the System is shared found a current data processing agreement was not in place with the Council’s Sherriff Officers and a data sharing agreement was not in place with the Grampian Valuation Joint Board. Carrying out a Data Protection Impact Assessment of the Revenues and Benefits system will facilitate this process, by identifying personal data being shared with third parties and the related risks.

**Recommendation**

Customer Experience should assess the data protection risks associated with the Revenues and Benefits system and use this process to ensure appropriate data processing agreements and data sharing agreements are in place.

**Service Response / Action**

Agreed. Revenues and Benefits will work with the Data Protection Officer to complete an appropriate DPIA. Any action from completion of DPIA will be actioned as appropriate in conjunction with Data Protection Officer.

**Implementation Date**

April 2021 (DPIA and DPA)

**Responsible Officer**

Revenues and Benefits Manager

**Grading**

Significant within audited area.

2.3.14 Section 3.2 ‘Confidentiality and you’ of the Council’s Managing Information handbook covers the requirements of dealing with confidential personal information. It emphasises a Council employee’s contract of employment covers their duty of confidentiality. To ensure non council staff are also made aware of this requirement the System Access Request form has a statement covering confidentiality and appropriate use of data held on the system and the consequences of breaching them.

**2.4 Timetabling of Milestone Events**

2.4.1 The System team maintains a detailed timetable for all database maintenance and routine processes which require to be run throughout the year within the systems internal batch scheduler. The timetable is prepared prior to the start of the new financial year with daily, nightly, weekly, two-weekly, four-weekly and yearly tasks to be completed detailed e.g. (include benefit payment interface to housing, upload of council tax income, printing new council tax bills where changes in liability have occurred); the system scheduler timetable for 2020/21 appeared comprehensive, including over 3,000 jobs.

## **2.5 System Parameters**

- 2.5.1 Changes to system parameters, such as benefit uprating, can only be completed by staff in the System team. Changes to system parameters are tested primarily on the Test system before being put onto the Live system, and a full audit trail is produced by the Service. The main system parameters are changed during Annual Billing. This is the process of updating the system to ensure correct values are being billed for Council Tax and the appropriate allowances and premiums, as per the Department for Work and Pensions are being applied to claims for Housing Benefit and Council Tax Reduction.
- 2.5.2 The Annual Billing changes are completed in February each year. Each part of the process is tested and signed off as such by 3 different staff members, checking the changes to system parameters are as expected. For the 2020/21 uprating process, due to Covid restrictions some of the manual signatures were replaced by email trails. Evidence of the testing was reviewed by Internal Audit and found to be complete.

## **2.6 System Access, Security and Audit Trails**

- 2.6.1 System access must be requested using a System Access request form. The form is completed by the user and emailed to the System Team, with the member of staff's line manager copied in. The employee's access to the system is determined by their post and access levels should be checked by the employee's line manager to ensure they are in line with the employee's post responsibilities. It is up to the Line Manager at this point to state access should not be granted if this is the case. Testing of the most recent ten access requests found all had copied in their line manager.
- 2.6.2 The Revenues and Benefits System logs out users who have been inactive for a certain amount of time. This is currently set at 99 minutes, while users who have not accessed the system within 90 days will have their access suspended. Any employee with access to the system is dealing with sensitive information and is required to lock their computer screen should they leave their desk at any time. Line managers are also required to notify the System Team should any employee leave or no longer require access to the system. Therefore, there should not be any live inactive accounts.
- 2.6.3 When an employee is going to leave the Council, in order for their Revenues and Benefits system account to be closed, the System team must receive a request through IT or from the employee's line manager. A review of all current users on the Revenues and Benefits system was compared to leavers recorded through the Council's payroll system between January 2017 and June 2020 and this identified 3 users who had left the Council but were still "live" users in the system.
- 2.6.4 While the process for notifying the System team is not linked to the Council's leavers process, the Council's leavers process does ensure IT are notified, and access to the Council's networks is removed. Without a Council login it is not possible to access the system, reducing the risk of unauthorised access by former employees. The users were notified to the System team for correction. At this point the System team indicated two of the users had been set up at the request of the line manager in advance of the person starting work, both had subsequently not started with the Council and the line manager had not notified the System team of this. This has highlighted a gap in the removal of inactive users as the account disabling process is based on looking at users' last login to the system. When a user has never logged in, as in these two cases, they won't be picked up for revocation. The Senior Operations Officer has indicated a need to develop a separate process to pick up any such users.
- 2.6.5 Where a member of staff changes post within the Council, line manager notification to the System team is required to remove system access. In the absence of line manager

notification to the System team, the member of staff's system access is not removed by the Systems Team. As at 3 August 2020 there were 237 live users of the Revenues and Benefits system, with 62 job titles across all Council Functions and two third parties; all access appeared to be appropriate based on the job roles.

Function / Third Party	Users
Customer	211
Governance	3
Operations	2
Place	3
Resources	10
Grampian Assessors	7
Internal Audit	1
<b>Total</b>	<b>237</b>

- 2.6.6 The Systems current password protocols comply with the Council's current Password Standard.
- 2.6.7 System users are allowed three failed login attempts following which access will be locked. If the user cannot unlock their account using the self-service "forgot my password" link on the system, then they must email the System Team to have it unlocked. Testing confirmed user access is locked after three failed attempts and cannot be reactivated without the authorisation of a line manager.
- 2.6.8 The audit trail functionality cannot be disabled in the Revenues and Benefits system. The audit trail information is held within the system under the events log screens of which there are five logs: Benefits; Council Tax; Debt Management; Payments; and System. However, the information produced is not reviewed regularly but can be accessed on an incident based approach on management request. The individual event logs can be reviewed based on account references, screens accessed and filtered by system user. Data is held dating back to 2008.

## **2.7 System Testing and Development**

- 2.7.1 To enable the Service to test database upgrades, amendments and fixes before applying them to the Live database, a Test database is available. The Test database mirrors the Live database and is populated with the data held on the Live database to give staff the ability to fully test any changes prior to being applied to the Live database
- 2.7.2 The latest release 85.01 was loaded onto the Test database on 5 Feb 2020; testing was adequate with three test plans prepared, covering the areas within the system the changes would impact upon. The testing of Council Tax, Benefits and Discretionary Housing Payment modules was carried out by different transactional staff who verified satisfactory results to the System Team, before the Live system was updated on 23 Feb 2020.

## **2.8 Interfaces & Reconciliations**

- 2.8.1 The System team administers the interfaces to and from, and within, the Revenues and Benefits system, and these are fully documented. The interface process uses a checksum control measure to detect duplicate file or manually amended interface files; should the checksum identify such anomalies the interface process will fail. The Systems team check the batch scheduler every day to identify any failed jobs, which are reviewed, corrected where required and rerun if necessary. A review of the scheduler since 1 April 2020 found no external interfaces had failed.

2.8.2 The principal database interfaces are to / from:

From

- CIVICA Cash Receipting – Payments received for Council Tax or Housing Benefit Overpayments
- Housing Rents – Tenant rent account details
- Bankers Automated Clearing system (BACs) – Automated Direct Debit (DD) amendments, cancellations and returns of unpaid DDs

To

- Housing Rents – Rent Rebates to housing benefit accounts
- CIVICA Electronic Document Management – customer / claimant details
- Bankers Automated Clearing system (BACs) – Rent Allowances, Council Tax refunds, Council Tax direct debit scheduled transactions and new instructions

2.8.3 The database also transfers data between modules within the Revenues and Benefits system from Benefits to Council Tax, and vice versa.

2.8.4 The daily inbound Civica cash receipting interface is reconciled by the Finance - Income Support Team ensuring the income collected and recorded through the cash receipting system reconciles to the Revenues and Benefits system and Financial ledger system. The April to June 2020 reconciliations were reviewed and all balanced.

2.8.5 Interfaces of housing benefit transactions to the Housing Rents system (NPS Housing system) take place on a weekly basis, with the process managed by IT. Any errors during the process will stop the process with a notification sent to IT to investigate and correct the issue. Once the interface is complete, the values output from the Revenues and Benefits system and posted to the Housing Rents system are reconciled by the Subsidy Officer, Revenues and Benefits. A review of three weeks' interfaces was checked and found to reconcile.

2.8.6 The daily interface of housing changes (changes of address, names etc for people in receipt of housing benefits) from the Housing Rents system to the Revenues and Benefits system are processed automatically through an IT managed SQL script. The successful completion is emailed to the Revenues and Benefits System team including a record of the total number of records interfaced. A check of the online batch scheduling screen within the Revenues and Benefits system showed the successful upload of these daily files for August 2020.

2.8.7 The following files are passed from the Revenues and Benefits system to BACS via a cloud based bulk data upload platform (PT-X):

- Council Tax Refunds
- Council Tax Automated Direct Debit Instruction Service (AUDDIS) files (new direct debit instructions)
- Council Tax scheduled Direct Debits
- Housing Benefit Payment files

2.8.8 For each of these files, when the file is transferred from the Revenues and Benefits system server to PT-X, an automatic email is sent as part of the Secure File Transfer Protocol (SFTP) process to the System team. This email details the number of transactions in the file transferred and the financial value of those transactions. This email is then forwarded to a Team Leader or Manager in the relevant operational team (Housing Benefits, Council Tax) for verification purposes. This person confirms the totals referenced on the email correspond to the totals from the job which produced the file by checking against the job report on the Revenues and Benefits system Batch Scheduler. If the totals agree, the verifier will send an email to the System team confirming the file can be approved and submitted to Bacs on PT-X.

2.8.9 The System Team then approves and submits the file and the PT-X Submission report is then emailed to the other members of the System team and to the member of the operational team who authorised the submission. A sample of BACS files submitted for the month of August 2020 was reviewed to ensure they matched the batch scheduler output files, and that the email trail was present for the approval process. Testing found these to match and to have been approved.

## 2.9 Suspense Accounts

2.9.1 The system Council Tax suspense account acts as a holding account should any payment fail to post to the appropriate customer account and the related customer cannot be identified. Payments are allocated to the Council Tax Suspense account by the Bank Reconciliation Team should they be unable to identify the Council Tax Account that a payment should be allocated to or an incorrect reference number has been quoted when a payment has been made by the customer. The Bank Reconciliation Team undertake checks, including the Revenues and Benefits system, to identify where the payment should be allocated. If the Bank Reconciliation Team cannot find a suitable account, the payment is placed into suspense for the Council Tax team to investigate.

2.9.2 The suspense account was reviewed as at 20 August 2020, and it was found there were 1,559 transactions unidentified totaling over £80,000. These were broken down by year as follows.

Year Beginning	Posted to suspense		Currently Unidentified	
	£	No.	£	No.
01.04.2014	87,694.00	2,014	£6,162.09	241
01.04.2015	28,991.61	2,042	£8,453.21	185
01.04.2016	27,244.22	670	£1,521.11	133
01.04.2017	25,750.28	930	£9,491.53	378
01.04.2018	47,490.76	1,042	£4,224.98	186
01.04.2019	74,846.78	973	£23,852.65	284
01.04.2020	70,577.21	319	£27,407.22	152
<b>Grand Total</b>	<b>362,594.86</b>	<b>7,990</b>	<b>£81,112.79</b>	<b>1,559</b>

2.9.3 Customer online banking details relating to suspense income are available from the Council's online banking system, however details are sometimes limited therefore many suspense transactions remain unidentified as detailed above. The income is retained, rather than returned to the originating bank accounts, as it is regarded as Council income which cannot be identified. The Cluster does not view the suspense balance as material when compared to the £780 million of council tax income collected over the period the suspense transactions were accrued, and the suspense balance is not recorded as a creditor in the financial ledger. Whilst the balance is immaterial for the purposes of the Council's financial statements, since the payments have not been credited to a customer account, the money is owed to the customers concerned.

### **Recommendation**

A process should be established for when it is deemed appropriate to return long standing Council Tax suspense account funds to the originating banks, and suspense payments should be returned in line with this process.

### **Service Response / Action**

Agreed.

<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
March 2021	Revenues and Benefits Manager	Significant within audited area.

- 2.9.4 Once Finance have reviewed transactions and allocated unidentified payments to suspense, the Team Leader, Council Tax and Recoveries, who is separate from the System team but within the Council Tax transactional team, is responsible for reviewing the Council Tax suspense account. The Team Leader, Council Tax and Recoveries can process transactions within the system. It is normally good practice to segregate duties for clearing suspense accounts from those who process transactions to ensure that unidentified payments are not subsequently allocated against the wrong account whether deliberately or in error. Revenues and Benefits should consider whether a system of review can be introduced.

<u>Recommendation</u>		
Revenue and Benefits should introduce a system of review for suspense corrections.		
<u>Service Response / Action</u>		
Agreed.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
March 2021	Revenues and Benefits Manager	Significant within audited area.

- 2.9.5 Where transactions are identified as not relating to Council accounts (of any kind) but to a third party e.g. Aberdeenshire Council, the transactions are transferred from the suspense account to a second suspense account from which a "refund" to the third party is processed, via the payables system, with the payment shown as a refund in the second suspense account. A review of this account confirmed it balanced back to zero

## 2.10 Contingency Planning and Disaster Recovery

- 2.10.1 The Revenue & Benefits business continuity plan is detailed, covering all the business functions, although the appendices, including the key supplier assessment questionnaire (which assesses supplier ability to continue providing services in event of major incident affecting supplier operations) were not completed as required. The plan was last reviewed in April 2020 and is scheduled to be reviewed again April 2021 at which point the appendices will be completed.
- 2.10.2 Files are backed up by the Council's data centre service provider in full on a weekly basis and incrementally on a daily basis, with 30 days of back up files held locally and a 90-day offsite retention held in the disaster recovery datacentre in another location. The Service Level Agreement with the data centre service provider specifies in the case of outages, service should be restored within 24 hours and a permanent fix applied within 2 days to prevent recurrence. Daily system backups are scheduled to take place at 23:59 p.m. A copy of the nightly back up logs was viewed for the period September 2020 and it was found that back-ups had been completed for each of the nights. However, it was noted a number of the back-ups had been completed "with errors". Digital and Technology clarified that this relates to system files / directories being open at the time of backing up, however the back-ups still completed successfully and that this does not impact on the reliability of the data or the ability to retrieve data from the back-ups.
- 2.10.3 A recommendation was made within audit report AC1810 Major IT Business Systems as follows: "Arrangements should be made to schedule disaster recovery testing for all business critical systems." The Revenues and Benefits system was included in the subsequent schedule prepared indicating a test would be undertaken in April 2018. Digital

and Technology has advised that a system recovery test has not yet been conducted and that a package of work was being undertaken in order to get the system ready for testing, including virtualising some of the physical servers. Once this has been completed, a disaster recovery test will be scheduled.

## **2.11 Database Performance**

- 2.11.1 The Revenues and Benefits system is pivotal in the payment / award of Housing Benefits and Council Tax Reduction and in the collection of income from Council Tax. As such it is vital the database operates at an optimum level and is available for use. The Senior Operations Officer indicated downtime, outwith scheduled upgrades and annual billing, is almost zero. As at 13 November 2020 there were three open calls with the support and maintenance provider; all were raised in 2020 and classified as low priority.

**AUDITORS:** C Harvey  
A Johnston  
G Flood

## Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
<b>Major at a Corporate Level</b>	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
<b>Major at a Service Level</b>	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached.</p>
<b>Significant within audited area</b>	<p>Addressing this issue will enhance internal controls.</p> <p>An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system’s adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
<b>Important within audited area</b>	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.