



Internal Audit Report

2015/16 Council Tax Billing

Issued to:

Angela Scott, Chief Executive
Steven Whyte, Head of Finance
Simon Haston, Head of IT and Transformation
Craig Innes, Head of Commercial and Procurement Services
Wayne Connell, Revenues and Benefits Manager
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EXECUTIVE SUMMARY

In March 2015, Aberdeen City Council's Council Tax Bills for 2015/16 were produced. Some contained an incorrect bar code which meant that customers were unable to pay at self service kiosks at Marischal College. A second incident resulted in duplicate Bills being issued. The objective of this audit was to establish the reasons why incorrect bar codes had been recorded on Council Tax Bills and the controls in place to prevent duplicate Bills being issued.

In September 2014, the Council recognised that there was a need to replace its bulk printing software system as the current system would soon be operating in an unsupported environment. This presented a vulnerability to the computer networks of both Aberdeen City and Aberdeenshire Council, where bulk printing is undertaken, along with the potential to be disconnected from the Public Services Network which would hinder the Council's business operations.

A replacement system was authorised through delegated powers although the required reporting of this to the Finance, Policy and Resources Committee was not undertaken. This will now be done in September 2015. It has also been agreed that Commercial and Procurement Services will put a mechanism in place by September 2015 to monitor reporting of the use of delegated powers to Committee following a proposed change to Standing Orders.

A lot of testing was undertaken to ensure that the new system correctly printed over 120 different types of document used by various Services of the Council. Part of the Council Tax Bill production is generation and inclusion of a barcode so that payment can be made by customers who continue to pay by cash / cheque at a PayPoint or Post Office via Allpay. The barcode should identify the organisation for whom payment is being made and the customer who is making payment so that the amount paid can be credited to that payees account.

During testing, the barcodes generated by the software supplier were checked using a barcode scanner and these returned the same number as recorded on the Bill. However, they were not tested through Allpay or the Council's own self service kiosks. Had this been done, it would have been identified that an error had been made in transferring the correct barcode format from previous Bills to the new template and this could have been resolved prior to the main print run for Council Tax Bills. Subsequent changes to bills have been approved by Allpay and Revenues and Benefits management.

At the point that the error was identified, all 61,000 direct debit bills had been issued along with 20,000 cash bills. Once the barcodes had been rectified, it was decided to reprint all the cash and standing order bills (45,000) and reissue with a covering letter.

When the replacement Council Tax bills for cash payers were produced, a batch of 15,000 was submitted for printing twice. Although there was a reconciliation process in place, this was retrospective and only identified the issue after the bills had been issued. Since this occurrence, the Service has confirmed that a new process, enabled through use of the new print system, has been implemented. This ensures that there is a four-way reconciliation between the Council Tax System, the printing system, the printing team, and prior to issue. This level of reconciliation was not achievable when using old bulk print system and, had the new system been implemented sooner, the reconciliation would have been in place for the annual Council Tax billing.

1. INTRODUCTION

- 1.1 In March 2015, Aberdeen City Council's Council Tax Bills for 2015/16 were produced. Some contained an incorrect bar code which meant that customers were unable to pay at self service kiosks at Marischal College. A second incident resulted in duplicate Bills being issued.
- 1.2 In view of the implications of such an occurrence, the Chief Executive requested that a review be undertaken. The objective of this audit was to establish the reasons why incorrect bar codes had been recorded on Council Tax Bills and the controls in place to prevent duplicate Bills being issued. In doing so, an additional examination of the process involved in changing the systems used to produce the Council Tax Bills was undertaken.
- 1.3 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Steven Whyte, Head of Finance, Simon Haston, Head of IT and Transformation, Craig Innes, Head of Commercial and Procurement Services, and Wayne Connell, Revenues and Benefits Manager.

2. FINDINGS AND RECOMMENDATIONS

2.1 Systems

- 2.1.1 Prior to the production of the 2015/16 Council Tax Bills, the Council Tax system, Academy, produced the necessary document data (name, address, liability, etc) which was passed to the Solimar system. This added the “overlay” information and formatted the data from Academy into a Bill. The Solimar system passed the data to the printing function where the documents were printed, enveloped and posted.
- 2.1.2 The Public Services Network (PSN) is the government’s high-performance network, which helps public sector organisations work together, reduce duplication and share resources. In order to consume services over PSN or provide services to customers connected to PSN, Councils have to have a valid PSN compliance certificate. To obtain a certificate, users have to comply with PSN requirements which differ depending on how the Network is to be used. Failure to be PSN compliant would result in Councils being unable to, for example, register births, deaths and marriages, or exchange data electronically with the DWP.
- 2.1.3 There was a requirement to replace Solimar as it was running in an unsupported environment, which resulted in a vulnerability to both Aberdeen City and Aberdeenshire Council’s computer networks. The Solimar licence was due to expire on 14 December 2014. In view of this, in September 2014 ICT submitted a request, under Standing Order 1(6)(b), for an exemption from the Council’s Contracts and Procurement Standing Orders in relation to the purchase of a bulk printing solution.
- 2.1.4 The chosen solution was XLPrint’s PARIS ProPrint system offered in partnership with Capita Software Systems. Approval was given by the required officers of the Council on 5 September 2014 and a purchase order was placed on 9 September 2014. The exemption form stated that the exemption would be reported to the Finance, Policy and Resources Committee on 4 December 2014 as required by Standing Order 1(6)(b). This was not done and it is understood that this will now be reported to the Finance, Policy and Resources Committee in September 2015.

Recommendation

Commercial and Procurement Services should put a mechanism in place to ensure that all exemptions granted by Officers in relation to Contracts and Procurement Standing Order 1(6)(b) are reported to Committee timeously.

Service Response / Action

Agreed. This will require a change to Standing Orders.

Implementation Date

September 2015.

Responsible Officer

Head of Commercial and Procurement Services.

Grading

Significant within audited area.

- 2.1.5 It had been intended to have the new system fully tested and operational by the end of January 2015. This would have allowed smaller daily production runs of Council Tax Bills, relating to changes of circumstances, to be produced before the major annual billing exercise. However, in a meeting with Aberdeenshire Council’s Print Team it was initially agreed that, as progress with implementation had not progressed sufficiently, the risk of going live for the 2015/16 Council Tax Bills was too great and that Solimar would be used. This decision changed in early February 2015 as the maintenance contract for Solimar on the Aberdeenshire network was due to end on 14 March 2015 meaning that it would be unsupported in the event of failure.

- 2.1.6 There were delays in implementing Paris Pro Print. According to Finance, this was primarily due to the time and resources required to convert documents. This involved making amendments to the templates relating to 123 documents used in relation to Council Tax, Benefits, and Business Rates. Each of these had to be fully tested including being printed.

2.2 2015/16 Council Tax Bill Production

- 2.2.1 The first time that the new Paris Pro Print system was used in a live environment was to commence production of the 113,500 annual Council Tax Bills.
- 2.2.2 Part of the Council Tax Bill production is generation and inclusion of a barcode so that payment can be made by customers who continue to pay by cash / cheque at a PayPoint or Post Office via Allpay. The barcode should identify the organisation for whom payment is being made and the customer who is making payment so that the amount paid can be credited to that payees account. Barcodes were being added to the Council Tax Bill template by XLPrint, a company commissioned by Capita Software Services to work on the various templates.
- 2.2.3 When the Solimar system was being used, an in-house developed script was used in the generation of the barcodes. Whilst the point of contact with XLPrint was aware of the script, it was considered to over complicate the issue and all that was needed was an understanding of the rules used in generating the barcode.
- 2.2.4 The format of the barcode is such that there should be 19 digits. There should 11 digits preceding the customer reference number with digits 9-11 being those that identify the Council to Allpay. The test Bills that were produced included a barcode.
- 2.2.5 An error was made when transferring the data from an existing sample Bill containing the correct numbering to the new template in that 9826160808 (10 digits) was used when it should have been 98261608182. As a result the first digit of the customer reference became digit 11 resulting in the barcode using either 081 or 082 to identify the Council rather than 182.
- 2.2.6 Finance has confirmed that test documents produced had been tested using a barcode scanner and that this had accurately read the barcode, returning the same number as printed on the bill. However, this only confirmed that the number and barcode matched, not that the barcode was meaningful to either the Council's or Allpay's systems.
- 2.2.7 The new methodology was due to be used for the first time in a live environment on 9 March 2015, to print the first batch of Council Tax bills. The first files arrived in the Print Room overnight on 9 / 10 March 2015 but were found to be incomplete when the Print Room staff checked them on 10 March 2015. This was corrected and files were re-transmitted and printing commenced on 11 March 2015.
- 2.2.8 Further issues were identified by the Print Rom with subsequent files resulting in a delay in printing further Bills. This was resolved and the files were re-transmitted with printing recommencing on 12 March 2015, continuing on 13 and 16 March 2015.
- 2.2.9 On 16 March 2015, customers trying to use their bills to pay through the self service kiosks at Marischal College notified the Customer Services team that the machines were not accepting them. Finance tested this using a member of staff's Council Tax bill and it was also rejected. This bill was then used at a local shop and payment was accepted. Allpay was contacted and confirmed that the payment had been sent to a suspense account for another Council, the details contained within the barcode being incorrect.

- 2.2.10 Ongoing production of Council Tax bills was suspended and it was confirmed that the part of the barcode that identifies the client to whom payment is being made was incorrect. At this point, all 61,000 direct debit bills had been issued along with approximately 20,000 cash bills. Once the barcodes had been rectified, it was decided to reprint all the cash and standing order bills (45,000) between 24 and 26 March 2015 and reissue with a covering letter.
- 2.2.11 As stated above, the Council generates its own barcodes. Allpay documentation relating to barcodes on documents used to make payment through their systems, has a section on testing. This states that sample barcodes will be required by Allpay for testing where:
- the client generates and prints barcodes themselves;
 - the client has used a third party to generate and print barcodes;
 - there are any changes to a barcode layout.
- 2.2.12 In view of the fact that there was a change in the methodology for producing the Council tax bills and related barcodes, it would have been prudent to fully test the barcodes produced through Allpay. Had this been done, the error in production would have been identified. The Service has stated that, had they had time to do so, this test would have been undertaken. In view of the time limitations, it should have been possible to test the bar codes produced on test documentation through the Council's self service kiosks.

Recommendation

Where changes are made to documents, these should be as fully tested as is practically possible to mitigate against the risk of any element being incorrect.

Service Response / Action

Agreed. Further changes have been made to bills and these have been approved by Allpay and Revenues and Benefits management.

Implementation Date

Implemented.

Responsible Officer

Revenues and Benefits Manager.

Grading

Significant within audited area.

2.3 Duplicate Council Tax Bills

- 2.3.1 When the replacement Council Tax bills for cash payers referred to above were produced, a batch of 15,000 was submitted for printing twice. Although there was a reconciliation process in place, this was retrospective and only identified the issue after the bills had been issued. Since this occurrence, the Service has confirmed that a new process, enabled through use of the new Paris Pro Print system, has been implemented. This ensures that there is a four-way reconciliation between the Council Tax System, Paris Pro Print, the Design and Print Team, and prior to issue. This level of reconciliation was not achievable when using Solimar and, had the implementation of Paris Pro Print gone to schedule, the reconciliation would have been in place for the annual billing.

2.4 Costs

- 2.4.1 The printing and issuing of replacement and duplicate Bills has, according to the Aberdeenshire Council Print Room, cost Aberdeen City Council around £22,000.

AUDITOR: D Hughes

Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
Major at a Corporate Level	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.
Major at a Service Level	<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>
Significant within audited area	<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>
Important within audited area	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.