



Internal Audit

Final Report

**Strategic Finance
Accounts Receivable**

March 2014

CONTENTS

	Page
EXECUTIVE SUMMARY	3 - 4
Overview	3
Summary of Significant Risks	4
Summary of Significant Findings	4
Conclusion and Audit Opinion	4
AUDIT SCOPE AND OBJECTIVES	5
AUDIT FINDINGS	6 - 16
Risk 1: Responsibility for debt collection and access to debtors related systems is confused, vague and ill-defined	6
Risk 2: Inaccurate, inappropriate or unauthorised invoices are raised	8
Risk 3: Invoices are amended inaccurately or without authorisation and/or justification	9
Risk 4: Payments are not recorded, handled or processed accurately or appropriately	10
Risk 5: Debt is not recovered and/or is not subject to effective oversight and monitoring procedures	11
Risk 6: Write-offs are undertaken inappropriately, inaccurately or ineffectively	13
Risk 7: Debt collection is not carried out effectively or accurately	14
ACTION PLAN	17
Explanation of Audit Opinion and Recommendation Priorities	23

DISTRIBUTION LIST

Final Report to: Executive Director, Finance
 Service Director, Strategic Finance
 Mouchel Service Delivery Manager, Revenues & Benefits
 Mouchel Operations Manager, Revenues and Benefits
 Client Monitoring Manager, Revenues and Benefits
 Mouchel Sundry Income & Overpayments Team Leader

EXECUTIVE SUMMARY

OVERVIEW

The Internal Audit Review of the Accounts Receivable system has been carried out in accordance with the Internal Audit Plan for 2013/14.

The sundry debtors function was part of the Council until it was outsourced to Mouchel in December 2010. Council departments raise the majority of sundry income invoices, however Mouchel are responsible for raising and issuing some invoices, as well as monitoring and collecting all sundry income invoices sent out. These invoices account for a large part of the Council's income, along with Council Tax and NNDR. Due to the amount of income processed through this function, this is considered to be a key financial system and as such is audited annually. Radius is used to raise and monitor invoices, which feeds into the general ledger via a feeder system. This system is also available to other Council departments who, in the majority of cases, will raise their own invoices.

The scope of this audit has covered both the Mouchel sundry debtor function at an operational and managerial level as well as the Council management of debtors.

The main areas reviewed by the audit were:

- Invoice raising and amending
- Debt recovery procedures
- Write-offs
- Performance monitoring

The audit process confirmed that recommendations resulting from the 2012/13 audit of Sundry Debtors have been actioned by management and as a result the control framework has improved.

Some further areas where the control framework could be improved have been identified as a result of the work carried out in this audit, including reviewing the performance indicators related to, and the debt collection procedures used by, the Mouchel sundry debtor function.

This report provides Management with a summary of the audit findings from this review. Assurance is given in respect of each of the expected key controls in place to confirm whether associated risks are being managed adequately and appropriately. Where expected controls have not been met, a recommendation for improvement is offered to assist in managing the risk.

It should be noted that, where our review has identified a weakness, management are expected to develop and agree effective actions to address the issues identified. These responses will be captured in the Action Plan at the back of this report.

Two high, eight medium and five low priority recommendations have been set out in the body of this report that are aimed at improving the control framework.

The Action Plan on page 17 has been proposed by management to address these recommendations. It should be noted that in addition to these actions, an external review of revenues processes and controls will be commenced in early 2014/15 under the direction of the Section 151 Officer. The actions proposed in this report will assist the service in addressing current issues ahead of this review.

Due reference was given throughout the audit to the possible risks of fraud and corruption that could occur within this service area.

We would like to thank all staff for their assistance and co-operation throughout the course of this audit.

SUMMARY OF SIGNIFICANT RISKS

Key risks to the delivery of the service's objectives were identified at the outset of the audit.

The following table records the inherent risk (the risk of exposure with no controls in place) and the Auditor's assessment of the risk exposure at corporate level after the control environment has been tested.

Areas identified as significant corporate risks (i.e. those assessed as high risk areas) should be addressed as a matter of urgency.

Risks	Inherent Risk Assessment	Auditor's Assessment
1. Responsibility for debt collection and access to debtors related systems is confused, vague and ill-defined	Medium	Medium
2. Inaccurate, inappropriate or unauthorised invoices are raised	Medium	Medium
3. Invoices are amended inaccurately or without authorisation and/or justification	Medium	Low
4. Payments are not recorded, handled or processed accurately or appropriately	High	Low
5. Debt is not recovered and/or is not subject to effective oversight and monitoring procedures	High	High
6. Write-offs are undertaken inappropriately, inaccurately or ineffectively	High	High
7. Debt collection is not carried out effectively or accurately	High	Medium

SUMMARY OF SIGNIFICANT FINDINGS

Whilst reviewing write-offs, it was noted that service directors and the section 151 officer were not being provided with sufficient evidence to support the write off of the debt. As a result, Council income may not have been collected when it may have been viable to do so.

From the review of debt collection, it was also noted that there was no formal escalation policy in place for when service units did not respond promptly to the Mouchel sundry debtors function when requested to provide guidance on how to progress with outstanding debts. As a result, debts can remain outstanding for long periods instead of having action taken to collect them.

Consequently, two high priority recommendations were identified as a result of the audit review.

CONCLUSION AND AUDIT OPINION

The Internal Audit opinion for accounts receivable is Weak and we can provide Limited assurance to Management on the effectiveness of the controls. This means that there are weaknesses in the system of control which put service objectives at risk.

All audit conclusions will be signed off by the Chief Internal Auditor to provide consistency and confirm that the opinion is appropriate given the issues identified in the audit.

AUDIT SCOPE AND OBJECTIVES

AUDIT SCOPE

This audit has been undertaken as part of a risk based Internal Audit plan. This means that:

- The objectives and risks have been discussed and agreed with managers prior to the start of the audit.
- The controls established to manage risks have been discussed with key staff and relevant documentation reviewed.
- The controls have been evaluated to assess whether they are proportionate to the risks and evidence sought to confirm controls are operating effectively.
- At the end of the audit review, findings have been discussed with managers at a close out meeting and suggestions for improvement have been agreed.

CONTROL OBJECTIVES

The objectives of the audit are to seek assurance that controls and procedures put in place by managers are effective and ensure that:

- income is recorded appropriately and accurately in the debtors system;
- invoices for payments to the Council are processed and created promptly; and
- all income owed to the Council is collected in a timely fashion.

AUDIT FINDINGS

RISK 1: Responsibility for debt collection and access to debtors related systems is confused, vague and ill-defined
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1.1 Policies and procedures

1.1.1 The Council's financial regulations, corporate debt policy and sundry debtors working practices were obtained and reviewed. It was noted that the corporate debt policy was currently in the process of being reviewed by the controls team and was due for authorisation by the section 151 officer.

1.1.2 It was also noted that the sundry debtors working practices did not specify the timescales to be applied in issuing reminder letters. Further discussion with relevant staff identified that there were no specific debt collection procedures documented. Without proper documentation, there is a danger that proper procedures are not followed and are not subject to regular review for appropriateness.

R1 Recommendation 1 - Responsibility: Mouchel sundry debtor function

It is recommended that the formal debt collection working practices for the Mouchel sundry debtor function are formally documented and subject to regular review.

1.1.3 It was also noted that the financial regulations specified the level of debt to be written off by the Section 151 Officer as being £2,000 unless the write-off is arising from bankruptcy, death, liquidation or leaving the country, in which case debt must be submitted to the Section 151 Officer for write off irrespective of the value of the debt. There is no mention made of debts below the £2,000 limit in the financial regulations, nor in the corporate debt policy or sundry debtor working practices. The corporate debt policy does not refer to write-offs, and the sundry debtor working practices do not detail the requirement to send debts to the Section 151 Officer for write-off.

R2 Recommendation 2 - Responsibility: Council Client Monitoring Team

It is recommended that the write-offs procedures are aligned and formally documented in the financial regulations, corporate debt policy and Mouchel sundry debtor function working practices. This must be done in conjunction with the Section 151 Officer to ensure that write-offs are reviewed on a formalised regular basis and in an appropriate format.

1.2 Systems access

1.2.1 A download of all staff with access to the Radius system was obtained directly from the system itself. A sample of 10 users were selected at random and reviewed to see whether their access was still valid.

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- 1.2.2 Of the sample of 10, it was identified that two no longer worked for the Council, a third user was not aware that they had access to the Radius system and a fourth considered that they no longer required access to the system. The sample was increased to 15 to ensure that we had sufficient coverage and no further issues were identified. It was noted that the Mouchel sundry debtor function sends out a quarterly email to service departments to confirm whether access to Radius is still required. However, service units should inform the Mouchel sundry debtor function on a pro-active basis of any changes to staffing or job responsibilities. It was also noted that, as Radius access is tied to the network login for staff, whenever anyone leaves the Council and their network access is revoked then this means that their Radius access is also terminated. This reduces the risk associated with this finding.

R3 Recommendation 3 - Responsibility: Council Client Monitoring Team

It is recommended that the list of users on the Radius system should be regularly reviewed to ensure that only appropriate personnel have access. This should be done through Council departments pro-actively notifying the Mouchel sundry debtor function of any changes in relevant personnel.

- 1.2.3 Access within the Radius system was also reviewed. Through discussion it was identified that users can only raise and view invoices and credit notes within their own department, which was confirmed through testing. The only exceptions to this are members of the corporate finance service and the Mouchel sundry debtor function, who require full access due to the range of services that they cover. This is considered to be appropriate.

RISK 2: Inaccurate, inappropriate or unauthorised invoices are raised

2.1 Invoice generation

2.1.1 It was noted that invoices were mainly raised by individual departments with the Mouchel sundry debtor function raising some on behalf of the departments. As such, the invoices raised were reviewed and stratified so that a selected sample included invoices raised both by individual departments and by the Mouchel sundry debtor function.

2.1.2 A sample of 20 invoices and credit notes were selected at random and reviewed to ensure that they had i) been raised correctly, ii) contained all the necessary information and iii) been assigned a unique reference number. Testing identified that not all invoices were checked prior to issue, which could lead to incorrect invoices being issued. This could cause reputational damage to the Council as well as requiring additional resources and costs to send corrected invoices out.

R4 Recommendation 4 - Responsibility: Council Client Monitoring Team

It is recommended that, in order to ensure debtor invoices are raised appropriately, a system of review should be established in Council departments to ensure that the information is correct prior to input onto Radius or prior to sending to the Mouchel sundry debtor function.

R5 Recommendation 5 - Responsibility: Shared between the Council and Mouchel

It is recommended that, in order to ensure that debtor invoices are raised accurately, a sample of invoices should be reviewed by a second person from within the team raising the invoice in order to ensure that the details are correct prior to the invoice being sent out.

2.2 Periodic invoices

2.2.1 A sample of periodic invoices raised was selected at random and reviewed to ensure that they were correctly raised with sufficient details. No issues were identified as a result of the testing carried out.

RISK 3: Invoices are amended inaccurately or without authorisation and/or justification

3.1 Amendments

- 3.1.1 A review was carried out of the amendments that could be made to an invoice once it had been raised. These include credit notes, write-offs, payment transfers and other adjustments. These are carried out exclusively by the Mouchel sundry debtor function, and a sample was randomly tested to ensure that they had been correctly actioned on the Radius system. No issues were noted as a result of the work carried out.
- 3.1.2 It was noted that there was no review of the adjustments to ensure that they had been correctly authorised. The Radius system produces a Payments and Amendments daybook which lists all adjustments made and who authorised them, but this is only used by Accountancy to balance the Radius system. No issues were identified from a review of the sample of transactions selected, however a potential risk still remains and a recommendation has been raised to prevent this from occurring.

R6 Recommendation 6 - Responsibility: Mouchel sundry debtor function

It is recommended that management ensure the validity of the amendments completed by undertaking a sample review of changes on a regular basis in order to ensure that they are appropriate.

- 3.1.3 A review of the functions undertaken by the Mouchel sundry debtor function found that there were some that could only be undertaken by the sundry income and overpayments team leader. This creates a resilience issue and could cause delays if they are absent for a prolonged period of time.

Improvement suggestion

The Operations Manager (Mouchel) should add resilience to the system by having a second member of staff able to carry out the functions currently undertaken by the sundry income and overpayments team leader solely.

RISK 4: Payments are not recorded, handled or processed accurately or appropriately

4.1 Separation of duties

- 4.1.1 It was noted that a separate team to the Mouchel sundry debtor function carries out income collection, and that invoices in Radius are updated with payment details through a feeder system from the cash income system. Daily cash income returns are compiled and used to reconcile the various systems. This has been reviewed as part of the cash income system audit.
- 4.1.2 It has already been noted elsewhere within the audit that there is separation of duties between those able to process write-offs and other adjustments and those who can only raise invoices and credit notes. This is considered to be an appropriate and reasonable control.
- 4.1.3 The methods of payment available for the sundry debtors income have been reviewed and confirmed to be comprehensive, detailed and clearly explained. This reduces the likelihood of payments being recorded or processed inappropriately, as well as increasing the chance that the invoice will be paid on time.

RISK 5: Debt is not recovered and/or is not subject to effective oversight and monitoring procedures

5.1 Debt recovery procedures

- 5.1.1 Discussions with relevant staff have identified that in cases of non-payment of an invoice, an initial reminder letter should be issued 7 days after the due date of the invoice, with a second reminder being issued 14 days after the first reminder was sent if payment has not been received. It was noted in section 1.1 that these timescales are not formally documented and recommendation 1 has been raised to address this matter. After these reminder letters are sent, if no payment is received, the Mouchel sundry debtor function contacts the business unit to agree what the next steps in the recovery process should be.
- 5.1.2 A sample of 20 aged debts was reviewed to consider whether the debt recovery process established above had been followed. It was noted that invoice reminder letters are not always sent within the specified timescales. Officers confirmed that limited resources and a system set up which means invoice reminders are printed once weekly means that the service cannot always meet the debt recovery procedure set out above, this in turn has implications for the service in meeting its performance indicators relating to the debtor days to collect income (PI 14) and the proportion of debtor income older than 90 days (PI 15)
- 5.1.3 If debt recovery timescales are not adhered to, there is a risk that income will not be recovered in a timely fashion. The longer an invoice goes unrecovered, the less likely it is that the Council will receive the income for it.

R7 Recommendation 7 - Responsibility: Mouchel sundry debtor function

It is recommended that, in cases where invoices are not paid by their due date, it should be ensured that reminders are sent out in a timely fashion in order to enable efficient recovery of debts and ensure that the debtor's recovery policy is adhered to once implemented under R1.

- 5.1.4 During the audit, two areas were identified where debt recovery was not undertaken. These are as follows:
- The chargeable housing repair debts are held on a central database by the housing maintenance team. The Mouchel sundry debtor function sends two reminders to tenants who have not paid the outstanding debt. The Mouchel sundry debtor function takes no further action once these reminders have been sent, however when a tenant requests a subsequent repair their details are checked against the housing database to see if there are any outstanding debts. If there are, then the repair will not go ahead until the previous repairs are paid for. Currently there are £148,000 of chargeable repairs held on the Radius system, of which £121,000 are debts over 120 days old. This is a significant amount of debt and as a result, the process for recovering housing repair debts should be reviewed.

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- The rent deposit scheme loans have not been recovered since the Council took over the debts from Bournemouth Churches Housing Association. There is currently a process underway to identify the value of each outstanding debt and the debtor to which it relates. At the time of the audit there is £921,000 of rent deposit loans over 120 days old held on the Radius system, which is due to be addressed through the standard recovery process, suspended for several years whilst the details and amounts of debts were being finalised, recommencing on 26/01/2014..

R8 Recommendation 8 - Responsibility: Council Client Monitoring Team

It is recommended that the process for recovering housing repair debts be reviewed to ensure that they are being recovered in the most effective way possible.

- 5.1.5 A review of the recovery process of individual debts found that when payment has not been received and the Mouchel sundry debtor function contacts the business unit to agree what the next steps in the recovery process should be, there is often a long delay before an answer is forthcoming from the business unit and in some cases no response is received at all. It has been confirmed that when a debtor is raised, the business unit is automatically credited with the income as such there is no financial implications for the business unit if the debt is not subsequently collected. As a result, it is difficult for the Mouchel sundry debtor function to ensure engagement with the business unit through the whole debt recovery process. The process is further undermined by the lack of an established escalation policy that sets out the process that must be followed by the Mouchel sundry debtor function and individual service units through the debt recovery process.

R9 Recommendation 9 - Responsibility: Council Client Monitoring Team

It is recommended that an escalation policy be put in place that ensures that the Mouchel sundry debtor function and individual service units work effectively together to ensure that debts owed to the Council are fully recovered where possible. This escalation policy should consider the possibility of reversing the debtor should no response be forthcoming from the business unit.

RISK 6: Write-offs are undertaken inappropriately, inaccurately or ineffectively

6.1 Write-off procedures

- 6.1.1 When a business unit decides that a debt is to be written off, a schedule is created by the Mouchel sundry debtor function and sent to the service director and the Section 151 Officer (or their deputy) for authorisation, along with reasons for the decision to write the debt off and any supporting evidence required. The only exception to this rule is overpayments for salaries from schools, where the only authorisations needed are those of the head teacher and the Service Director for Strategic Services.
- 6.1.2 It has been noted from a review of write-offs held by the sundry debtors team that very few write-off schedules have evidence to support the sign off by Service Directors or the Section 151 Officer.

R10 Recommendation 10 - Responsibility: Council Client Monitoring Team

It is recommended that consideration be given to when evidence for write-offs should be provided to Service Directors and the Section 151 Officer in order to support the reasoning behind writing off the debt.

- 6.1.3 A sample of write-offs was tested and no significant issues were identified. However, it was noted that the invoice number that the write-off related to was not always included in the "invoice number" field on Radius. While the information was available elsewhere within the write-off screens all information should be included in the required fields to avoid confusion and ensure that write offs can be easily match to the relevant invoice.

R11 Recommendation 11 - Responsibility: Mouchel sundry debtor function

It is recommended that the invoice number be recorded in the relevant field on the write-off screen to improve the audit trail and enable write-offs to be more easily matched to the invoice to which they relate.

- 6.1.4 It has been noted that there were delays in processing write-offs earlier in the financial year due to delays in obtaining the necessary authorisations. This has, however, now been resolved and a review of the write-offs processed has shown that they are now being carried out on a more regular and consistent basis.

RISK 7: Debt collection is not carried out effectively or accurately

7.1 Suspended debts

- 7.1.1 Business units can request that debts are suspended from the recovery process for a variety of reasons, such as known legal issues or the debtor querying the invoice that had been sent out. Suspended invoices are regularly reviewed and discussed by the Mouchel sundry debtor function with the relevant service unit to ensure whether the debts were still valid to remain suspended or whether recovery should recommence.
- 7.1.2 A sample of suspended accounts was reviewed to ensure that they had been correctly suspended and that they had been regularly reviewed to ensure that they were still correctly suspended. No issues were identified, however it was noted that some suspended debts did not have reasoning for their suspension entered onto the Radius system. Discussions with relevant staff identified that these types of debt were suspended automatically due to the type of debt. For example, debts relating to memorials for people who have passed away are suspended from the recovery process as it is considered insensitive to send reminder letters. Similarly, debts that are issued internally (i.e. disabled facilities grants) are suspended from recovery as these are recovered through an internal process.

Improvement suggestion

The Operations Manager (Mouchel) should ensure that the reasoning behind suspensions is documented on the Radius system to ensure that the reason is fully recorded and improve the audit trail.

7.2 Reporting to management

- 7.2.1 A review of the information sent to senior management and the client monitoring team has identified that this is the aged debt report, which shows the outstanding invoices split across age of debt and departments based on the invoice codes. The report is generated from the Radius system, thus reflecting actual data at the point in time that the report is created.
- 7.2.2 A review of the information in the report has identified that it is not concise and does not provide any analysis of the data and as such, its usefulness to service units is limited.

R12 Recommendation 12 - Responsibility: Shared between the Council and Mouchel

It is recommended that a representative of the client management team review the aged debt report in conjunction with a representative of the Mouchel sundry debtor function in order to ensure effective monitoring of aged debt is possible.

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- 7.2.3 Discussions with the revenues & benefits client monitoring team identified that there is no mechanism by which they are made aware of the levels of write-offs currently being processed by the Mouchel sundry debtors function. The revenues & benefits client monitoring team role is to ensure that the strategic partnership is providing the service to the agreed level and as such it is crucial that this team is updated regularly on the level of write offs so that it can identify any issues and address them promptly. The client monitoring team currently receive this information for Council Tax, National Non-Domestic Rates and Housing Benefit, so this would bring this area into alignment.

R13 Recommendation 13 - Responsibility: Mouchel sundry debtor function

It is recommended that the levels of write-offs processed by the Mouchel sundry debtor function be reported to the revenues & benefits client monitoring team on a regular basis so that any issues are identified and addressed promptly.

7.3 Performance monitoring

- 7.3.1 A review of the performance monitoring process for the Mouchel sundry debtor function found that there were no performance indicators in place until the 2013/14 financial year. The indicators established during 2013/14 reflect those set out in the CIPFA Value for Money Finance Guidance. Because this is the first year of recording this data, indicative targets have been set however at this time it is not possible to establish if these are at an appropriate level to encourage effective performance of the Mouchel sundry debtor function.
- 7.3.2 A review of the indicators has identified that the indicators currently used for the service are classified as performance indicators rather than key performance indicators. Managers should consider if some fundamental performance indicators should be reclassified and as such a monetary value attached if they are not achieved.

R14 Recommendation 14 - Responsibility: Council Client Monitoring Team

It is recommended that the performance indicators used to monitor the Mouchel sundry debtor function be reviewed and consideration should be given as to whether any indicators should be made into key performance indicators and a monetary value attached.

- 7.3.3 Data for current performance of the service against the performance indicators was obtained. The following issues were noted with the indicators established:
- PI 12 “the cost of sundry debtor invoices” is currently impossible to calculate accurately due to two reasons. Firstly, the cost of the Mouchel sundry debtor function cannot be specifically isolated from that of the overall contract payment that the Council pays Mouchel for all services provided. Secondly, not all of the time of the Mouchel sundry debtors function is spent raising invoices, as there is also debt recovery, processing write-offs and adjustments etc. As such, there is a significant amount of estimation involved in the calculation of this indicator, which means that it cannot be calculated in a way that is useful.

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- PI 13 “the proportion of sundry debtor income received by electronic means” is currently targeted at 60%. All payment methods are classified as electronic except for cheques and postal orders received at the Council. Consequently, while the current performance of the service is 90%, the target of 60% does not encourage increased performance in this area.
 - PI14 “debtor days to recover income” is currently collected monthly but assesses 12 months worth of data. The measure would provide more useful data if the performance for both the individual month and the rolling 12 month period were assessed. This will provide trend information and a more accurate picture of the position of the Council and enable assessment of the Mouchel sundry debtor function’s performance.

It is crucial that meaningful and accurate data is used in the compilation of performance indicators otherwise the information produced and the conclusions drawn will be of little value. Similarly, if meaningful targets are not set then their use is limited and does not allow the Council to gain assurance over the performance of the Mouchel sundry debtor function.

R15 Recommendation 15 - Responsibility: Council Client Monitoring Team

It is recommended that the performance indicators used to monitor the Mouchel sundry debtor function should be reviewed to ensure that they are giving accurate and reliable information and that they allow the Council to gain assurance over the performance of the Mouchel sundry debtor function.

ACTION PLAN - ACCOUNTS RECEIVABLE 2013/14

Ref	Report Ref	Finding / Issue	Recommendation	Responsibility	Priority Rating	Management Response	Responsible Officer and Target Date
R1	1.1	There are no formally documented debt collection procedures for the Mouchel sundry debtor function.	It is recommended that formal debt collection working practices for the Mouchel sundry debtor function are formally documented and subject to regular review.	Mouchel sundry debtor function	Low	Procedures will be documented and reviewed to ensure they adhere to the Corporate Debt Policy	Mouchel Sundry Income & Overpayments Team Leader 30/04/14
R2	1.1	Write-off procedures are not aligned and are not formalised in terms of regularity or format.	It is recommended that the write-offs procedures are aligned and formally documented in the financial regulations, corporate debt policy and Mouchel sundry debtor function working practices. This must be done in conjunction with the Section 151 Officer to ensure that write-offs are reviewed on a formalised regular basis and in an appropriate format.	Council Client Monitoring Team	Medium	Write off procedures will be reviewed and consolidated in consultation with the S151 Officer.	Client Monitoring Manager, Revenues and Benefits 30/04/14
R3	1.2	The list of users of the Radius system contains personnel who no longer require or are entitled to access to the system.	It is recommended that the list of users on the Radius system should be regularly reviewed to ensure that only appropriate personnel have access. This should be done through Council departments pro-actively notifying the Mouchel sundry debtor function of any changes in relevant personnel.	Council Client Management Team	Low	Service Heads will be emailed twice-yearly reminding them of the need to ensure that Sundry Debtors must be informed when access to Radius is no longer required.	Client Monitoring Manager, Revenues and Benefits Commence by 30/04/14

Ref	Report Ref	Finding / Issue	Recommendation	Responsibility	Priority Rating	Management Response	Responsible Officer and Target Date
R4	2.1	Not all invoices are reviewed prior to being issued to ensure that only invoices with the correct details on are sent out.	It is recommended that, in order to ensure debtor invoices are raised appropriately, a system of review should be established in Council departments to ensure that the information is correct prior to input onto Radius or prior to sending to the Mouchel sundry debtor function.	Council Client Management Team	Medium	Service Departments will be emailed to be reminded that invoice details must be correct prior to entry onto Radius or sending to the Mouchel Sundry Debtors function and that there should be a system of verification in place.	Client Monitoring Manager, Revenues and Benefits 31/03/14
R5	2.1	Not all invoices are reviewed prior to being issued to ensure that only invoices with the correct details on are sent out.	It is recommended that, in order to ensure that debtor invoices are raised accurately, a sample of invoices should be reviewed by a second person from within the team raising the invoice in order to ensure that the details are correct prior to the invoice being sent out.	Shared between the Council and Mouchel	Medium	For invoices issued by Service Departments, an email will be sent to Service Heads recommending that a 10% sample of invoices raised is independently checked. A sample of invoices raised by the Mouchel Sundry Income team will be checked - many are returned direct to the originating service.	Client Monitoring Manager, Revenues and Benefits 30/04/14 Mouchel Sundry Income & Overpayments Team Leader 31/03/14

Ref	Report Ref	Finding / Issue	Recommendation	Responsibility	Priority Rating	Management Response	Responsible Officer and Target Date
R6	3.1	No review of the amendments to invoices is carried out to ensure correct authorisation and validity.	It is recommended that management ensure the validity of the amendments completed by undertaking a sample review of changes on a regular basis in order to ensure that they are appropriate.	Mouchel sundry debtor function	Low	A sample of amendments will be reviewed quarterly	Mouchel Operations Manager, Revenues and Benefits 30/06/14
R7	5.1	Not all invoice reminders were sent out according to the timescales specified.	It is recommended that, in cases where invoices are not paid by their due date, it should be ensured that reminders are sent out in a timely fashion in order to enable efficient recovery of debts and ensure that the debtor's recovery policy is adhered to once implemented under R1.	Mouchel sundry debtor function	Medium	Reminders will be issued in line with procedures	Mouchel Sundry Income & Overpayments Team Leader 30/06/14
R8	5.1	There is a significant amount of debt over 120 days old for housing chargeable repairs. There is currently a non-standard recovery process in operation.	It is recommended that the process for recovering housing repair debts be reviewed to ensure that they are being recovered in the most effective way possible.	Council Client Management Team	Medium	The Service Director for Housing, Parks and Bereavement Services will be contacted to initiate a review process.	Client Monitoring Manager, Revenues and Benefits 30/04/14

Ref	Report Ref	Finding / Issue	Recommendation	Responsibility	Priority Rating	Management Response	Responsible Officer and Target Date
R9	5.1	There is no escalation policy in case there is no response from business units regarding recovery for outstanding debtors.	It is recommended that an escalation policy be put in place that ensures that the Mouchel sundry debtor function and individual service units work effectively together to ensure that debts owed to the Council are fully recovered where possible. This escalation policy should consider the possibility of reversing the debtor should no response be forthcoming from the business unit.	Council Client Management Team	High	Work will be undertaken with the sundry debtor function and service units to formulate an escalation policy and procedures to be followed in the event that no instruction is received from the service unit. This will consider potentially reversing the debt.	Client Monitoring Manager, Revenues and Benefits 31/05/14
R10	6.1	Service directors and the section 151 officer are not always provided with supporting evidence for writing off debts.	It is recommended that consideration be given to when evidence for write-offs should be provided to Service Directors and the Section 151 Officer in order to support the reasoning behind writing off the debt.	Council Client Management Team	High	The level of evidence required by the S151 Officer in different cases will be agreed.	Client Monitoring Manager, Revenues and Benefits 30/04/14
R11	6.1	The write-offs screen in the Radius system is not populated with the invoice number that it relates to in the relevant field.	It is recommended that the invoice number be recorded in the relevant field on the write-off screen to improve the audit trail and enable write-offs to be more easily matched to the invoice to which they relate.	Mouchel sundry debtor function	Low	Now being done	Mouchel Sundry Income & Overpayments Team Leader 31/03/14

Ref	Report Ref	Finding / Issue	Recommendation	Responsibility	Priority Rating	Management Response	Responsible Officer and Target Date
R12	7.2	The aged debtor list sent to senior management and the client monitoring team is not concise, nor does it offer any analysis of debt levels.	It is recommended that a representative of the client management team review the aged debt report in conjunction with a representative of the Mouchel sundry debtor function in order to ensure effective monitoring of aged debt is possible.	Shared between the Council and Mouchel	Medium	The Client Team will liaise with the sundry debtor team to ensure that the aged debt report is meaningful and easy to understand	Client Monitoring Manager, Revenues and Benefits Mouchel Sundry Income & Overpayments Team Leader / Mouchel Operations Manager, Revenues and Benefits 31/05/14
R13	7.2	The client monitoring team are not informed of the amount of write-offs being processed by the Mouchel sundry debtor function.	It is recommended that the levels of write-offs processed by the Mouchel sundry debtor function be reported to the revenues & benefits client monitoring team on a regular basis so that any issues are identified and addressed promptly.	Mouchel sundry debtor function	Low	Write off totals will be reported to the Client team each quarter.	Mouchel Sundry Income & Overpayments Team Leader 31/05/14
R14	7.3	There are currently no key performance indicators amongst the performance measures used to monitor the sundry debtors function.	It is recommended that the performance indicators used to monitor the Mouchel sundry debtor function be reviewed and consideration given as to whether any indicators should be made into key performance indicators and a monetary value attached.	Council Client Management Team	Medium	The escalation of performance indicators to key performance indicators will be considered with the Contract Monitoring Team and Service Director (Strategic Finance)	Client Monitoring Manager, Revenues and Benefits 31/05/14

Ref	Report Ref	Finding / Issue	Recommendation	Responsibility	Priority Rating	Management Response	Responsible Officer and Target Date
R15	7.3	Issues have been noted with the performance indicators and targets used to monitor the Mouchel sundry debtors function.	It is recommended that the performance indicators used to monitor the Mouchel sundry debtor function should be reviewed to ensure that they are giving accurate and reliable information and that they allow the Council to gain assurance over the performance of the Mouchel sundry debtor function.	Council Client Management Team	Medium	The performance indicators will be reviewed with the Service Director (Strategic Finance), Contract Monitoring Team and Mouchel Service Delivery Manager.	Client Monitoring Manager, Revenues and Benefits 30/06/14

EXPLANATION OF AUDIT OPINION AND RECOMMENDATION PRIORITY

Audit Opinion

Good - Substantial Assurance	There is a sound system of control designed to achieve the service objectives, with key controls being consistently applied.
Satisfactory - Reasonable Assurance	Whilst there is a basically sound system of control, there are weaknesses which may put some service objectives at risk.
Weak - Limited Assurance	There are weaknesses in the system of control which put service objectives at risk.
Poor - Minimal Assurance	The system of control is generally weak as such service objectives are at significant risk.

Recommendation Priority

1. High Priority:

High priority recommendations identify control weaknesses or other issues which have serious implications for the effective delivery of service objectives which must be addressed by management promptly. Regular management monitoring of the effectiveness of the actions agreed is essential.

2. Medium Priority:

Medium priority recommendations identify control weaknesses or other issues which have significant implications for the effective delivery of service objectives. Management must put in place the actions agreed within a reasonable timescale and monitor the effectiveness of the actions agreed.

3. Low Priority:

Low priority recommendations identify control weaknesses or other issues which have minor implications for the effective delivery of service objectives. Management should address the weakness or issue identified and review the effectiveness of the actions agreed.

The timescale to address the weakness or issue identified will be agreed with consideration to the priority of the recommendation and the complexity of the action agreed.