

Debtors 2013-14
City of York Council
Internal Audit Report

Responsible Officer: Director of Customer and Business Support Services
Service Manager: Head of Financial Procedures
Date Issued: 11 February 2014
Status: Final
Reference: 10190/005

	P3	P2	P1
Findings	1	0	0
Overall Audit Opinion	High Assurance		

Summary and Overall Conclusions

Introduction

The customer income team within the Directorate of Customer and Business Support Services are responsible for:

- issuing invoices to customers for services provided by the council;
- taking recovery action to ensure invoices are paid.
- ensuring payments received are correctly recorded in the debtors system on authority financials;

There are also devolved teams who perform some of these tasks within individual service departments.

The section raised invoices totalling approximately £61m during 2012/13. The collection rate for sundry debtors during 2012/13 was 93% with £173k of debts being written off.

Objectives and Scope of the Audit

The purpose of the audit was to provide assurance to management that the controls in place to manage key risks relating to Debtors are effective.

The audit covered the following risk areas:

- Systems do not comply with the council's financial regulations, relevant legislation, or other appropriate guidance.
- Accounts are not raised promptly and accurately to notify customers of any amounts due, or are raised incorrectly.
- Income is not correctly credited to customers' accounts.
- Appropriate action, including write off of debts, is not undertaken to recover debts where invoices are not paid within specified timescales.
- Performance is not monitored or effectively managed.

Key Findings

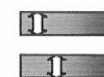
The only finding raised in this report relates to the production and review of performance information.

Overall Conclusions

It was found that the arrangements for managing risk were very good. An effective control environment appears to be in operation. Our overall opinion of the controls within the system at the time of the audit was that they provided High Assurance.

Area Reviewed: Performance information

Severity
Probability



1 Issue/ Control Weakness

Detailed performance information is not currently produced

Risk

Issues will not be identified and therefore no action can be taken to address poor performance

Findings

While performance meetings are currently held on a weekly basis and aged debt reports reviewed, no report is currently run which shows overall collection percentage or a breakdown of sundry debt collection rates across all areas. Such a report would give an overall picture of performance and would enable more detailed monitoring, allowing potential issues to be identified.

1.1 Agreed Action

Performance reports will be produced on a monthly basis and will be reviewed at management performance meetings, with action taken to address any weaknesses.

Priority

3

Responsible Officer

Customer Accounts Team
Leader

Timescale

1 March 2014

Audit Opinions and Priorities for Actions

Audit Opinions	
<p>Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.</p> <p>Our overall audit opinion is based on 5 grades of opinion, as set out below.</p>	
Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Moderate assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.