

HUNTINGDONSHIRE DISTRICT COUNCIL INTERNAL AUDIT

From: David Harwood Internal Audit & Risk Manager	To: Clive Mason Head of Resources and Section 151 Officer
My Ref: C&T/AUDIT/DM	Cc: Your Ref:
Ext: 8115	Date: 18 May 2016

Internal Audit Review – Debtors Continuous Auditing – Year Ending 15.16

I have completed my review of Debtors for the year ending 2015/16. The audit involved reviewing the 32 controls from the agreed Key Controls List.

I reported at March 2014 that too many routine tasks were not being completed and that debt recovery procedures had almost come to a standstill. There was the real possibility that the Income Service could fail in the immediate future to deliver the services required. Similar conclusions were issued in respect of June, September and December 2014. The December 2014 memo also said:

“.. action needs to be taken to address the issues that had been identified. This review has found little improvement and it is my opinion that the position has not substantially improved. There is the real possibility that the service could fail in the immediate future”.

The annual memo for March 2015 stated that the March 2015 review would not be completed as you acknowledged that there was likely to be little substantial improvement until a review of operational processes was completed.

The review for the quarter ending March 2016 has found that there has been little improvement during 2015/16. The service has significant weaknesses including:

- Invoices being raised that have not received reminders or any recovery action. This relates to a four month period where the system did not work correctly. The Income Manager believes that automatic reminders have not been picked up from this period. They have thus fallen from the recovery schedule and need to be identified.
- General recovery action is backlogged and I have been advised that mistakes have been made by temporary or untrained staff. Significant time and resources would be needed to address the backlog.
- The Income Manager confirmed that some commercial rent insurance invoices have not yet been raised due to absence of instruction.
- Aged debts have been reported to the Head of Resources but I am concerned that older debts may just stay on the system without action, and will be written off once they are statute/time-barred.
- There is a greater risk of some debts becoming overlooked, as regular reviews of payment plan cases, disputed cases and other on-hold debts are not taking place. A review of all outstanding invoices is needed to ensure all are captured and being actioned.

Based on the audit work undertaken this year it is my opinion that the inherent risks in the system are not being managed properly. The system is not capable of achieving its objectives. Consequently, if the existing approach is maintained I am able to provide little assurance that the system risks are being properly managed.

I am not proposing any specific actions to address the weaknesses identified as we already have the necessary recovery procedures in place. They need to be followed.

If you have any comments or wish to discuss any matters relating to the review please contact Deborah Moss ext. 8475 within the Internal Audit Service.

David Harwood
 Internal Audit & Risk Manager