

DEPARTMENT	AUDIT REVIEW	AUDIT REF
<b>Corporate Services</b>	<b>Debtors</b>	<b>5118007</b>

**BACKGROUND**

The day to day administration of the Debtors system is managed centrally by the Sundry Debtors section within the Corporate Services department. Service departments are responsible for raising debts, either by remote access or submitting requests to the Senior Debtors Officer.

The Sundry Debtors function annually monitors a local PI for the collection of debts and achieved a collection rate of 98.18% in 2017/18 and 98.56% in 2018/19.

**SCOPE**

The review covered the controls and procedures in operation to assess the extent to which:

- Procedures have been established for the raising and amending of Debtors Invoices;
- Adequate procedures exist for the control and monitoring of Sundry Debtors;
- Adequate management information is available.

**SUMMARY OF RESULTS**

It is pleasing to report that, since the previous audit of Debtors, improvements to systems/procedures have been made, particularly in relation to pursuing unpaid invoices. Whilst there remains a significant sum of debt outstanding at the year end, with the value outstanding at 31 March 2019 being approximately £16.3m, there is evidence that procedures are now in place for the recovery of debt, with regular review of accounts being undertaken and referrals made, where appropriate.

The process for issuing debtors invoices, including the timescales for such, is clearly detailed within the Financial Procedure Rules. Audit testing identified that this process is not always adhered to and recommends that departments are reminded of the appropriate process, in particular the requirement for Debtor Invoices to be raised promptly and authorised appropriately.

Three ‘*Priority 2*’ issues were identified during the current review; summarised details are as follows:

- A £25,000 debt had been outstanding since August 2017, with a hold placed on the debt following request of a valid PO number. Whilst the account is no longer suppressed, the debt remains outstanding, with a PO number still not provided.
- Testing on a sample of invoices identified that Financial Procedure Rules were not always being complied with when debts were raised.
- Whilst it is acknowledged that debt recovery has improved, evidence was not always available to demonstrate that the debt had been pursued.

Agenda Item 3 – Report B

<b>NUMBER OF RECOMMENDATIONS</b>		<b>OVERALL ASSURANCE</b>
Priority 1- Fundamental Weaknesses	<b>0</b>	<b>Acceptable</b>
Priority 2 – Strengthen Existing Controls	<b>3</b>	
Priority 3 – Minor Issues	<b>2</b>	