



INTERNAL AUDIT REPORT	
Area of Review	Accounts Receivable
Contact Officer	Daniel Clarke
Date	October – December 2021

1. **BACKGROUND**

As part of the 2021-22 Internal Audit Plan a review of the key controls in place for Accounts Receivable was undertaken.

Responsibility for Accounts Receivable lies with the Head of Corporate Services.

2. **SCOPE OF THE REVIEW**

The audit approach has been to review processes surrounding the below stated control objectives, perform walkthrough testing, where appropriate, assess the effectiveness of internal controls and ensure risk is managed effectively.

3. **CONTROL OBJECTIVES**

The scope of this review has encompassed the following control objectives:

Control Objectives	
1	That invoices to customers are raised in a timely manner
2	That invoices raised are accurate and properly accounted for
3	That effective debt recovery arrangements are in place
4	An appropriate back up process is in place

4. **AUDIT APPROACH**

Our audit approach to this review has been to:

- Obtain and understand the relevant processes through discussions with key personnel, review of systems documentation and perform walkthrough tests where appropriate.
- Identify the key risks within the function.
- Evaluate the effectiveness of the controls in place to address these risks.
- Test the effectiveness of the key controls.
- This review has been undertaken in compliance with the Public Sector Internal Audit Standards.

5. **OPINION ON CONTROL FRAMEWORK**

The overall level of opinion that can be provided on the internal control framework for this review is:

Levels of Assurance	
Substantial	Substantial assurance given where there is a sound system of controls in place, which applied consistently to enable achievement of the intended objective.
Satisfactory	Satisfactory assurance given where there is generally a sound system of internal control in place with only minor lapses, and in general, objectives achieved.
Limited	Limited assurance is given where controls in place are not always applied and objectives may not be achieved, meaning the Council is exposed to the risk of financial loss, fraud or the loss of reputation.
None	No assurance is given where weaknesses in control has resulted if a failure to achieve objectives

6. SUMMARY OF FINDINGS

Control Objective One: That invoices to customers are raised in a timely manner

- The council has in place a relevant and up to date corporate debt policy that governs debt recovery including on accounts receivable.
- Exchequer staff have access to relevant and up to date written internal procedural notes.
- Sample testing indicates that accounts receivable invoices are raised and sent to the customer in a timely manner.

Control Objective Two: That invoices raised are accurate and properly accounted for

- The council's Fees & Charge book helps to ensure invoices are correctly calculated.
- Supporting documentation for invoices raised was retained for the invoices sample tested. However, testing showed that some staff were just using email as evidence of them raising their invoices rather than the established invoice request form.
- Testing shows that the council continues to have relevant monthly reconciliations in place for the accounts receivable process.
- The council continues to have a relevant suspense account in place that is regularly reviewed and updated.

Control Objective Three: That effective debt recovery arrangements are in place

- The council has relevant policies and procedures in place that outlines how outstanding debt is recovered.
- Sample testing indicates that reminders are sent to customers with outstanding debts in accordance with the established debt policy.
- The council has a relevant agreement with the Legal Team at Basingstoke & Deane Borough Council to assist in the recovery of outstanding debt.
- Write offs are appropriately authorised and are accurately recorded on Integra.
- Controls are in place that ensure monitoring of outstanding debt and this is reported regularly.

Control Objective Four: That the integrity of the system is maintained

- There are regular back-ups in place for the finance system Integra.
- Integra user access is audited twice a year to ensure system access is restricted to those on deemed necessary.

7. Summary of Risks

	Risk/Issue	Risk Assessment	Management Response / Proposed Mitigation	Responsible Officer	Target Date
1	Not all officers are using the relevant invoice request form when they are raising accounts receivable invoices.	Medium	Reminder to staff to be communicated in staff newsletter plus spot checking of invoices to be completed and officers not using forms will be contacted directly and reminded of correct procedure	Business Support Manager	February 2022
2	Not all the write off request forms are stored correctly on Integra.	Low	Business Support Officers have already been reminded to ensure individual write offs are stored against specific write off adjustment whilst customers with multiple write offs to have evidence stored against customer	Business Support Manager	Completed