



Report of the Chief Finance Officer

Governance and Audit Committee – 14 September 2021

Service Centre - Accounts Receivable Update

Purpose:	To provide an update for the Service Centre, Accounts Receivable Function.
Policy Framework:	None
Consultation:	Legal, Finance and Access to Services
Recommendation(s):	That the Governance and Audit Committee notes that officers will continue to report to CMT on a quarterly basis as a further update on the debt position across the authority.
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Finance Officer:	Ben Smith (Chief Finance Officer S151)
Legal Officer:	Debbie Smith (Deputy Chief Legal Officer)
Access to Services Officer:	Catherine Window (Equalities Policy Development Officer)

Internal Audit on Accounts Receivable Function – Update August 2021

1. Introduction

- 1.1 The Accounts Receivable Internal Audit was carried out in Quarter 1 2021 and the report was issued in March 2021. An assurance level of Moderate was again given. The detail below summarises the reasons and progress to date.
- 1.2 There are 2 High Risk or Medium Risk re-occurring action points from previous audits that remain outstanding. All of the Audit action points have been reviewed and included in the AR strategy. The AR team has been given priorities and targets that are aligned with the corporate strategies and the Internal Audit action plan. However,

it is anticipated that it will not be possible to complete all of these actions before the next audit report for reasons that have been outlined in previous reports. For clarity, the action points referred to in this report are:

Action point reference	Risk rating	Detail
3.6.4	HR	All invoices should be escalated on a timely basis in accordance with established protocols. Where debtors have not paid within the timescales allowed, a decision should be made on whether to refer each invoice to Legal, or write it off. (Previous audit recommendation)
3.6.8	MR	The backlog of invoices should be addressed at the earliest opportunity. (Previous audit recommendation)

1.3 The Cash Management and Accounts Receivable Manager has reported to the Governance & Audit Scrutiny Committee periodically over the last 2-3 years and all committee actions have been implemented.

1.4 The last report to the Governance & Audit Scrutiny Committee was submitted in June 2021 for the July committee meeting. Below is a summary of the actions and progress that have been implemented/achieved in the intervening period (June to August 2021):

a. **Debt Recovery Activities (DRA) meetings:** These meetings are held monthly and continue to ensure focus is directed to audit action plan priorities and to the debt recovery strategy. Priorities are regularly reviewed and progress is monitored. The team are currently focussing on completing a review of the oldest debts, all high value debts, outstanding debts to large businesses and organisations and the 'Refer to Legal' reconciliation. The next review of the DRA meeting priorities and targets is due to be carried out in November 2021.

b. **Outstanding Aged Debt:** The current aged debt position is as shown below (*note all aged debt figures are snapshots and the outstanding debt position changes on a daily basis*):

Month	Total Due	>365 Days	120 - 365 Days	90 - 119 days	60 - 89 Days	0 - 59 Days
Aug 2021	29,859,129	2,123,895	1,212,000	225,113	674,496	25,623,625

A comparison of the outstanding debt over 1 year since 2019 for the same month is shown below. This shows a consistent reduction year on year with a total of £91,305 overall since 2019.

Month	Total outstanding debt £
Aug 2019	2,215,200
Aug 2020	2,156,793
Aug 2021	2,123,895

Targeted debt recovery actions in the period June to Aug 2021 have resulted in the following progressions:

Category	Number of invoices in category	% of invoices in category	Value of invoices in category £
Paid in full	32	64%	901,227
Instalment plan negotiated	1	2%	9,800
Disputed	3	6%	43,237
Cancelled by Service Dept	1	2%	8,828
Awaiting evidence of debt	2	4%	24,800
Remaining unpaid	11	22%	247,834
Totals	50	100%	1,235,726

- c. **Write offs:** A fresh write off list has been extracted and is being prepared for submission for approval. A total of 480 invoices with a combined value of £180,000 invoices have been moved to a pending write off status since January 2021. Of these, 420 invoices are over 1 year old illustrating the work completed to review older outstanding invoices. These invoices will go through several checking phases before being submitted for approval. Write off reports are produced twice-yearly to ensuring that older invoices are not left un-progressed and the system is kept up to date.
- d. **Referrals to legal:** The team continues to make good progress with referring outstanding debts to Legal with a further 22 invoices totalling £42,505 referred to Legal in the period June to August 2021. In addition, progress made in the reconciliation of all debts referred to Legal with a big reduction in the number of invoices that have been on 'Refer to Legal' status for more than 1 year. In the period January to August 2021 the number of invoices has reduced from 346 to 168 (a reduction of 178).

2. Integrated Assessment Implications

- 2.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.

- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

The Well-being of Future Generations (Wales) Act 2005 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language

2.2 There are no implications in relation to this report.

3. Financial Implications

3.1 There are no financial implications other than those set out in the body of the report.

4. Legal Implications

4.1 There are no legal implications other than those set out in the body of the report.

Background Papers: None.

Appendices: None