



## Report of the Chief Finance Officer

Governance and Audit Committee – 9 June 2021

### Service Centre - Accounts Receivable - Update

<b>Purpose:</b>	To provide an update for the Service Centre, Accounts Receivable Function.
<b>Policy Framework:</b>	None
<b>Consultation:</b>	Legal, Finance and Access to Services
<b>Recommendation(s):</b>	<ol style="list-style-type: none"><li>1) Service Departments to be further reminded of their responsibilities and role in the invoice process. This should be reinforced through the Directors and Heads of Service to ensure consistency and robustness of process.</li><li>2) Continue to report to CMT on a quarterly basis as a further update on the debt position across the authority.</li></ol>
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<b>Finance Officer:</b>	Ben Smith (Chief Finance Officer S151)
<b>Legal Officer:</b>	Debbie Smith (Deputy Chief Legal Officer)
<b>Access to Services Officer:</b>	Catherine Window (Equalities Policy Development Officer)

#### Internal Audit on Accounts Receivable Function – Update January 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 several re-occurring action points from previous audits that remain outstanding. All action points have been addressed but the current level of resource and the difficult financial conditions caused by the global pandemic over the last year have meant that it was not possible for these action points to be cleared completely before the Qtr 1 2021 audit report. All 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 the same reasons provided above.
- 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 January 2021 for the February committee meeting. Below is a summary of the actions and progress that have been implemented/achieved in the intervening period (January to May 2021):
- a. A power-point presentation was provided to the Leadership Team on 23<sup>rd</sup> March 2021. This provided the Leadership Team with an overview of the AR function, summarised the debt position and the current issues and highlighted in detail what actions they needed to take to carry out their responsibilities and to help to drive down the outstanding debt. The Leadership Team provided some feedback at the meeting and responses were provided to their questions. As a result, the slides were updated as agreed and were shared with the Leadership Team with the request that they circulate them to the relevant managers and officers in their respective departments.
  - b. The slides were also uploaded to the Receivables User Group MS Team so that they were available to all Receivables systems users and a positive response was received. The slides reminded staff about key issues including implementing a regular monthly debt monitoring routine, the requirement to obtain purchase orders prior to providing goods and services, the need to obtain payment up front wherever possible, to credit check their customer prior to raising an invoice and to provide evidence of the debt to the AR Team when requested.
  - c. Further MS Teams reminders were also posted covering the purchase order requirement, the need to provide evidence of the debt, a Lloyds Bank fraud awareness guide document was shared and detailed information about the new Breathing Space legislation and procedures was uploaded.
  - d. A new corporate process has been set up to manage and monitor the new Breathing Space scheme. All of the Council's revenue areas have been consulted, a dedicated mailbox to receive the notifications has been set up and an IT request has been raised to automate their dissemination. A consistent corporate process has been agreed in a 'task and finish' working group. A monitoring process has been put in place to collate the notification data that will be received and to ensure that it is administered correctly. In addition to the above, the AR processes have been determined and the AR team have been provided with notes and a training session. Information has also been posted to all of the service department staff that raise invoices for awareness.

- e. The AR Debt Recovery Activities (DRA) meetings have continued with a targeted approach. The current focus is on the invoices awaiting evidence of the debt, invoices to large national organisations and work has recommenced to further progress the AR to Legal reconciliation. Progress is being made in all areas.
- f. The January 2021 WO report has all been approved, completed and reconciled on the system.
- g. The AR Section vacancy has been filled in April 2021 and the section now has a full complement of staff.
- h. The following statistics are provided as evidence of progress made:
  - Of the tracked invoices that were monitored as part of the DRA meetings, 31 invoices totalling £3.5M have been paid for period Jan to May 2021.
  - The team have also carried out targeted recovery action on 800 invoices through DRA meeting priorities for period Aug 2020 to May 2021. These were mainly old lower value invoices.
  - 67 invoices totalling £213,929 have been referred to Legal for period Jan to May 2021
  - Further 285 invoices totalling £123,426 placed on write off for period Jan to May 2021

## **2. Equality and Engagement Implication**

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.