



FINAL

Internal Audit Report

Operational Services Department

Review of Debtors' Accounts

April 2008

4 SUMMARY OF MAIN FINDINGS

- 4.1 Internal Audit found that progress has been made in collecting income before services are provided.
- 4.2 Raising of debtors' accounts for Piers & Harbours can often take more than 14 days, however as the fees tend to be for frequent small amounts it is more cost effective to issue such accounts on a monthly basis.
- 4.3 Operational Services charging schedule is now adhered to in all areas, all charges in the schedule have been agreed by the Council and are subject to annual review.
- 4.4 Where 6 monthly berthing concessions are not paid in advance, customers are required to pay the full daily rate; non-payment is followed up via the appropriate channels.
- 4.5 Very few services now are for less than £20. Where it is below this amount every effort is taken to collect the income in advance or group several small values for same customer onto one account and billed together.
- 4.6 All accounts raised by Operational Services are subject to check by another member of staff in order to minimise the likelihood of errors and ensure the appropriate level of detail is included.
- 4.7 Credit notes are always signed by management.
- 4.8 Appointment of area wardens has proved successful in raising the level of income due from unmanned piers & harbours. Other options such as honesty boxes, has been ruled out as would prove not to be cost effective.
- 4.9 The raising of debtors' accounts and subsequent reminders remains at 14 day intervals in order to prompt customers to pay as quickly as possible. When a new system is installed later in 2008/09, it will have functionality to customise payment terms and reminder periods according to the type of account being issued.
- 4.10 The follow-up of outstanding debtors is no longer carried out by legal services since the departure of the officer that carried out this task. When accounts reach the final notice stage, no further action is taken by Sundry Debtors section, it is expected that departments will carry out their own follow-up. However, this is not widely known in departments and would benefit from an instruction from the Exchequer Manager in the meantime until the new system is installed and the follow-up process outsourced later this financial year.
- 4.11 Writing off of accounts under £100 has not taken place for several years, as in 4.10 above, this process will be outsourced along with the follow-up of outstanding payments.

APPENDIX 2

ACTION PLAN

ACTION PLAN NO	PARAGRAPH	GRADE	WEAKNESSES IDENTIFIED	AGREED ACTION	RESPONSIBLE OFFICER	DATE OF IMPLEMENTATION
1	1.2	Material	Operational Services have been successful in obtaining much of their income before a service is provided and continues to do so.	Departmental charging procedures will be re-enforced during the training provided for the implementation of the new debtors system	The Director of Operational Services Department and Finance Manager	31 January 2009
3	1.8	Material	During the audit a charge for fish landings on one island was found to be different to that of the charge schedule. Audit was informed that this was a long-standing local agreement, and that the level of charge had not been reviewed for some time.	A new charging schedule has been issued and all areas are now charging the same.	Operational Services Finance Manager.	Implemented
4	1.11	Material	In the case of six monthly berthing concessions, the charges schedule states that the concession is not available unless paid in advance, but frequently concessions were paid for during, or in some cases, after, the period to which they relate.	An instruction that the 6 monthly berthing dues be sent out at the commencement of the period will be issued. Assistant Operations Manager – Marine & Airfields has been looking into this and now implemented	The Director of Operational Services Department and Finance Manager	Implemented
5	1.13	Material	The audit found numerous cases	A meeting will be held	Operational	31 January 2009

ACTION PLAN NO	PARAGRAPH	GRADE	WEAKNESSES IDENTIFIED	AGREED ACTION	RESPONSIBLE OFFICER	DATE OF IMPLEMENTATION
			of debtors' accounts being raised for less than £20 – procedures state that every effort should be made to collect income in advance in such cases.	within the Operational Services Department to see how to increase income receipt and become compliant. As no. 1 above more and more collected in advance.	Services Department Finance Manager	
10	1.19	Material	IT is unclear who is to carry out follow-up and write off of unpaid debtor accounts	Debtors Control should agree with services exactly who should do what in regard to follow-up & write off of accounts. Revised procedures for follow-up of outstanding accounts should be compiled and issued prior to implementation of new system.	Head of ICT & Financial Services and Exchequer Manager	Immediate 31 January 2009