



Internal Audit Report

Community Services

Review of Social Work Debtors

December 2010

1 INTRODUCTION

This report has been prepared as a result of the Internal Audit review of Social Work - Debtors as part of the 2010 - 2011 Internal Audit programme.

Invoices/credit notes are raised by Social Work Area Team staff for various types of services e.g. residential care for the elderly, home care services, meals on wheels, lunch clubs, respite care and day care services.

A Community Based Charging Policy applies to all adults who reside within Argyll & Bute, or are deemed to be ordinarily resident within Argyll & Bute in accordance with the Scottish Government's Ordinary Residence guidelines, who are assessed as requiring and subsequently benefit from community based care services provided, commissioned or funded by Argyll & Bute Council.

A new debtors system was introduced and went live in April 2009; this was introduced to replace the old Strathclyde Regional Council system that the authority had been using until that point.

There are 7 levels of access in the new Debtors system:

- Almost Full access
- Debtors FULL access
- Enquiry Only
- Input & authorise Invoices & Credit notes
- Input Invoices and Credit Notes
- Input Invoices and Enquiry
- Input Invoices and Credit Notes and Invoice Authorisation only

2 AUDIT SCOPE AND OBJECTIVES

The broad objectives of the review were to ensure:

- Accounts are properly raised and posted for all chargeable services;
- Accounts are issued promptly;
- Payments received are promptly processed and correctly posted to debtors' accounts;
- Write-offs, cancellations and credit notes are properly controlled; and
- Arrears follow-up procedures are properly controlled.

3 RISK ASSESSMENT

As part of the audit process and in conjunction with our Systems Based Auditing (SBA), Internal Control Questionnaire (ICQ) approach, the risk

register was reviewed to identify any areas that needed to be included within the audit.

4 CORPORATE GOVERNANCE

There are no Corporate Governance issues to be reported as a result of this audit.

5 MAIN FINDINGS

Administration staff within Social Work Area Offices are responsible for inputting and maintaining client information on the debtors system. They are supported in this by the Finance Team based within Whitegates.

Access to the debtors system is controlled by staff within Customer and Support Services. There are various levels of access available within the debtors system and staff in the Social Work Area Teams are given the appropriate level of access according to their duties.

Debtors Invoices are raised on a 4 weekly basis according to a pre-published timetable. Staff in Social Work Area Teams are responsible for sending a completed spreadsheet detailing all the client charges to Finance Staff in Whitegates in accordance with a timetable set to meet the deadline of the Debtors run. Social Work Area Team staff are responsible for ensuring the accuracy of the charges for the period.

Finance staff in the Whitegates Office are responsible for transferring the debtors information received from each of the Social Work Area Teams on to one spreadsheet, this spreadsheet is sent to Customer and Support Services for uploading on to the debtors system.

Credit notes can be input and authorised by staff with the appropriate Debtors access rights at an Area Team Level. Debts to be written off that have gone through the normal collection process are written off in accordance with the Financial and Security Regulations.

Reminder letters for outstanding Sundry Debtors Invoices are sent out by Customer and Support Services (Debtors). A reminder is sent if an account is not paid within 14 days and if not paid within the next 14 days a Final reminder is sent out. Social Work sent out a second reminder 7 days after the first reminder. Outstanding Debtors are referred to Legal Services normally 14 days after the Final Notice is sent if the debt remains outstanding.

There is currently no facility available for the payment of Sundry Debtors by Direct Debit.

Training was offered to staff when the new debtors system and procedures were implemented; however Internal Audit found that there were some staff who had never received training.

6 RECOMMENDATIONS

Four recommendations were identified as a result of the audit; three were graded as medium and one as low. The recommendations are shown in the action plan attached at Appendix 2 and has been compiled with the co-operation and agreement of the Supervisor/Manager.

Internal Audit considers that, in an effort to improve the quality of information, monitoring and control, the recommendations should be implemented in accordance with the agreed action plan. Management have set achievable implementation dates and will be required to provide reasons to the Audit Committee for failure to implement within the agreed timescale. Where management decides not to implement recommendations it must evaluate and accept the risks associated with that decision.

A system of grading audit findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as fundamental, material or minor. The definitions of each classification are set out below:-

High - major observations on high level controls and other important internal controls. Significant matters relating to factors critical to the success of the objectives of the system. The weakness may therefore give rise to loss or error;

Medium - observations on less important internal controls, improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system and items which could be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified;

Low - minor recommendations to improve the efficiency and effectiveness of controls, one-off items subsequently corrected. The weakness does not appear to affect the ability of the system to meet its objectives in any significant way.

7 AUDIT OPINION

Based on the findings we can conclude that staff within Social Work Area Teams have working knowledge of the system, limited to their specific remit.

Recommendations arising from the audit work should be implemented by the nominated responsible officer within the agreed timescale.

Recommendations not implemented will require explanation to the Audit Committee. This could lead to findings being reported in the Internal Control Statement produced by the Council in support of the Annual Accounts.

8 ACKNOWLEDGEMENTS

Thanks are due to the Finance Staff in Whitegates, Customer and Support Services (Debtors) staff and Oban Social Work Area Team staff for their co-operation and assistance during the Audit and the preparation of the report and action plan.

Argyll & Bute Council's Internal Audit section has prepared this report. Our work was limited to the objectives in section 2. We cannot be held responsible or liable if information material to our task was withheld or concealed from us, or misrepresented to us.

This report is private and confidential for the Council's information only and is solely for use in the provision of an internal audit service to the Council. In any circumstances where anyone other than the Council accesses this report it is on the strict understanding that the Council will accept no liability for any act or omission by any party in consequence of their consideration of this report or any part thereof. The report is not to be copied, quoted or referred to, in whole or in part, without prior written consent.

APPENDIX 2 ACTION PLAN

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
1	<p>Internal Audit found that there was no robust procedure in place to notify Customer and Support Service staff of any changes in circumstances to users of the Debtors system. Debtors section relies on department procedures to ensure that they are promptly notified of leavers or changes to users of the Debtors system. On enquiry Internal Audit found that Finance Staff based in Whitegates relied on the employee's line manager to inform IT that there had been a change of user or that an employee had left the employment of the Social Work.</p>	Medium	<p>Debtor staff should carry out an annual review of users of the Debtors system to ensure that staff that have left the employment of the Council or have changed positions within the Council are removed from the system.</p>	<p>Head of Customer & Support Services</p>	<p>31 March 2011</p>

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
3	Debtors users' have been made aware of their responsibilities within the Debtors system by means of the training provided during implementation. However, on enquiry Internal Audit found that some staff had not received any training and also found that new starts were shown the system and procedures by other Admin staff based in the Social Work Area Teams.	Medium	Consideration should be given to setting up a system that ensures all staff, including new starts, receive training from debtor lead users responsible for the system.	Head of Adult Care	31 December 2011
4	Internal Audit found that there is a Debtors system manual available. However, on enquiry Internal Audit found that there are no manual or written procedures available for Social Work Area Team staff to assist them with the processes specific to Social Work.	Medium	A manual of written procedures, specifically focussing on Social Work Debtors procedures should be made available to all appropriate staff with responsibilities for Debtors within the Social Work Area Teams.	Head of Adult Care	31 December 2011