



Internal Audit Report

Customer and Support Services

Internal Audit Review of Income: Cash / Revenues Team

May 2013

1 INTRODUCTION

As part of the annual internal audit plan for 2012/13 a review of Income was undertaken that considered the activities of the Revenues team, which is led by the Revenues Supervisor who reports to the Revenues and Benefits Manager. Both are based at Witchburn Road, Campbeltown.

The Revenues team is mainly responsible for the collection of Council Revenues (Council Tax, NDR and Sundry Debt) and all related back office activities. It is part of the Customer and Support Services section, which sits within the Customer Services department.

The Revenues team was restructured following a service review in June 2012. The team comprises 26.5 FTE posts and is split into distinct sub-teams covering:

- Council Tax
- Non-Domestic Rates (NDR)
- Sundry Debts
- Cash
- Corporate Debt Recovery

With regards to Cash responsibilities, the Revenues Supervisor is supported by the Cash Team Leaders (2 * 0.5 FTE) who are supported by the Accounting Assistants (2 FTE) and the Clerical Assistant.

Appendix 3 shows the Revenues team structure and the position of the sub-teams within it. The Cash sub-team is highlighted in grey.

This report covers the activities and functions of the Cash staff and general observations relating to the Revenues team.

2 AUDIT SCOPE AND OBJECTIVES

This is the first year of a 3 year cycle of Income audits. The scope of the audit was to undertake a high level review of the Revenues team and assess the adequacy of controls in place to ensure that the Revenues team identify, bill, collect and account for income due to the Council on a timely basis.

The intended approach is for internal audit to undertake substantive testing over the next 2 years.

3 RISK ASSESSMENT

As part of the audit process the risk register was reviewed to identify any risks that potentially impact on the audit. The following risks were identified.

- SR16 Failure to have a robust internal control process and system;

4 CORPORATE GOVERNANCE

No corporate governance issues were identified during the audit.

5 MAIN FINDINGS

Two major issues have been identified concerning members of the public being able to gain access to the main Revenues office and the lack of an in-house recovery plan for Revenues, to be followed in the event of service disruption. Whilst the likelihood of either issue arising is low the potential impact of either occurring merits both issues being classed as high priority.

It is clear from interviews with staff and observation of the various teams at work that the Revenues team is a close knit group that comprises experienced and capable staff with sufficient collective knowledge and ability to deliver the Council's requirements.

6 RECOMMENDATIONS

Two recommendations were identified during the audit, one high and one medium priority.

The recommendations are shown in the action plan attached at Appendix 2 and has been compiled with the co-operation and agreement of the Revenues and Benefits Manager.

Internal Audit considers that, in an effort to improve the quality of information, monitoring and control, the recommendation should be implemented in accordance with the agreed action plan. Management have set an achievable implementation date and will be required to provide a reason to the Audit Committee for failure to implement within the agreed timescale. Where management decides not to implement a recommendation it must evaluate and accept the risk 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 high, medium or low. 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 of the audit review we are satisfied that there are adequate controls in place to ensure that the Revenues section identify, bill, collect and account for income due to the Council on a timely basis.

The recommendations arising from the audit work should be implemented by the nominated responsible officer within the agreed timescale. A recommendation 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 Revenues staff for their co-operation and assistance at all stages of the audit.

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>During the internal audit visit it was also possible for members of the public to gain entry to the main Revenues office as the door at the Reception area was not locked. Although the likelihood of an incident occurring is low, the Council is nevertheless responsible for the safety and welfare of staff and should ensure that they are protected at all times. Given that the Revenues team is responsible for pursuing overdue payments, staff members are likely to encounter disgruntled and hostile individuals on a regular basis.</p>	High	<p>The door at the Reception area should be kept locked at all times unless staff members need to go through it.</p>	<p>Revenues and Benefits Manager</p>	<p>Complete</p>

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
2	Revenues do not have documented procedures in place to ensure that, in the event of a service disruption, the service can be recovered as quickly as possible.	Medium	Revenues should have their own internal procedure to be used in the event of a service disruption. The procedures should be kept current and tested on a regular basis.	Revenues and Benefits Manager	31 August 2013