

REPORT TO: Audit and Governance Committee

MEETING DATE: 30 April 2013

BY: Executive Director (Support Services)

SUBJECT: Internal Audit Report – Income Collection

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Income Collection.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan for Income Collection.

3 BACKGROUND

- 3.1 A review of Income Collection was undertaken as part of the audit plan for 2012/13.
- 3.2 The main objective of the audit was to ensure that the internal controls in place for Income Collection were operating effectively.
- 3.3 The main findings from our audit work are outlined in the attached report.

4 POLICY IMPLICATIONS

- 4.1 None

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

6.1 Financial - None

6.2 Personnel - None

6.3 Other - None

7 BACKGROUND PAPERS

7.1 None

AUTHOR'S NAME	Mala Garden
DESIGNATION	Internal Audit Manager
CONTACT INFO	01620 827326
DATE	19 April 2013

EAST LOTHIAN COUNCIL – INTERNAL AUDIT INCOME COLLECTION

1. EXECUTIVE SUMMARY

1.1 Introduction

A review of the internal controls surrounding the administration of Income Collection was undertaken as part of the Audit Plan for 2012/13. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- The Council has in place an Income Management System for the collection, recording and management of income received.
- For income received directly to the Council's bank account (e.g. standing orders, CHAPS and BACS) appropriate arrangements are in place to ensure that income is included in the Income Management System.
- On a daily basis, automated routines are run to post income from the Income Management System to individual customer accounts – income received for Council Tax and Non-Domestic Rates is posted to the Capita system, while income received for Housing Rents is posted to the Orchard system.
- Sundry Debtors income received through the Income Management System is properly posted to individual debtor accounts in the sales ledger within Great Plains.
- Adequate systems are in place to ensure that all income received through the Income Management System is correctly posted to the Council's Great Plains general ledger.
- Daily reconciliations are carried out between income collected through the Income Management System and the totals posted to the Capita system, Orchard system and Great Plains general ledger.
- Adequate arrangements are in place for the processing of income received by direct debit.
- Supporting documentation is held for all rejected direct debits – a list of rejected direct debits is provided by the bank and the reasons for rejection are clearly outlined.

1.3 Areas with Scope for Improvement

- The existing arrangements for reconciling rejected direct debits between the Orchard system and the bank list require review. *Risk – errors or irregularities may occur and remain undetected.*

1.4 Summary

Our review of Income Collection found that internal controls and procedures established by Management are working satisfactorily.

Mala Garden
Internal Audit Manager

April 2013

INCOME COLLECTION

ACTION PLAN

PARA REF	RECOMMENDATION	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.4.4	Regular reconciliations of rejected direct debits should be carried out for housing rents, to ensure that the totals posted on the Orchard system agree to the bank list.	Systems and Control Team Leader	Agreed – appropriate steps will be taken to ensure that rejected direct debit reconciliations are carried out and evidence is retained.		June 2013