

## Appendix 1b: Audits Revisited

### Purpose of these audits

To assess whether the actions agreed in the original audit have been implemented and are now effectively embedded into the day-to-day operation of the service.

### Southend Adult Community College



### Original Objective

To assess whether there are robust financial and governance controls in place to provide an effective framework for financial planning, accountability and safeguarding public funds.

### Results

Fully implemented	Substantially implemented	Partially implemented	Not implemented	Agreed action closed
7	3	3	8	0

### Summary

#### Core Financial Governance Documents and Policies

Progress continues to be made in this area to strengthen these arrangements. The main governance documents and policies are in place and broadly in line with the recommended requirements. A few gaps remain within the Financial Regulations and the Debt Collection and Recovery Strategy, which require addressing. A Finance Department Operation Manual is being produced which will include all key financial management tasks, but a target completion date has not been set.

The College's 'terms of doing business' (i.e. setting out payment terms), are now available on its website.

#### Financial Reporting

Good progress has been made in improving the format and presentation of management accounting information in that:

- management accounts are now produced in an acceptable format, which was recommended by Financial Consultants, and approved by the former Finance & General Purposes Committee and the Governing Body
- Key Financial Indicators have been developed which are discussed at Governing Body meetings.

Further work is still required to provide:

- senior managers with regular purchase order schedules detailing purchases made without a requisition or order; and both senior managers and Governors with regular debt collection related information

## Appendix 1b: Audits Revisited

- a graphical trend analysis alongside the management accounts information presented to the Governors, to aid interpretation and analysis.
- evidence on a regular basis that the Principal is checking that reconciliations are being completed properly and checked

### Management Oversight and Authorisation

Some progress has been made to improve these arrangements in that:

- the rationale behind closing the Private Funds account was deemed reasonable and discussed with the Governing Body, from whom approval to do so, was obtained
- there is evidence that substantiating information is now retained to support key payroll forms and expense forms are reviewed and authorised appropriately.

However:

- there is evidence that the process for ensuring that orders are supported by alternative quotes, as required by the Contract Procedure Rules, is not consistently identifying non compliance
- a more formal system is required for recording the action taken to chase suppliers who have not submitted a proper VAT invoice
- appropriate training still needs to be provided to a senior member of staff independent of the Finance Team, to enable them to check reconciliations to confirm that they have been undertaken correctly and are adequately evidenced
- a process needs to be introduced that requires budget holders to confirm:
  - the accuracy, completeness and viability of their budget position on a quarterly basis
  - periodically, the continuing need for direct debits on their accounts and that the payment value is accurate.
- reports need to be produced of debts where collection has been temporarily postponed for senior management to review and challenge, as this is not currently being done
- assets not currently security marked or recorded on the asset register, need to be and an annual inventory check undertaken with the results reported to the Principal and the Governors to provide assurance over the safeguarding of assets.

### Accounts Receivable, Social Care Debt



### Original Objective

To assess whether the key controls in the Accounts Receivable, Social Care Debt system effectively prevent or detect material financial errors, on a timely basis, so that this information can be relied upon when producing the Council's Statement of Accounts.

## Appendix 1b: Audits Revisited

### Results

Fully implemented	Substantially implemented	Partially implemented	Not implemented	Agreed action closed
1	3	2	2	2

### Summary

The Social Care Debt Policy and Strategy has been extended and now includes sufficient information around the escalation of cases and exemption of charges. Further clarity is required to ensure management expectations are clear to staff when:

- agreeing and monitoring Payment Plans
- referring cases to colleagues, as potential safeguarding, financial abuse and fraud concerns have been identified.

There is also still scope to update the guidance within the Social Care Debt Policy around parking debt further to:

- include the additional "suitable reasons to park debt"
- provide clear instruction on how to park debt, which covers recording of reasons and retaining of appropriate supporting evidence
- define how frequently parked debt should be reviewed to ensure the action remains appropriate, and who is responsible for the review i.e. Finance Officer.

Management now need to regularly review this debt to confirm:

- staff are applying the required monitoring process
- pausing the recovery process remains appropriate as delays potentially lead to the debt becoming more difficult to collect.

### Civica

Management has halted further Civica development whilst the functionality of the new social care finance system (ContrOCC) for supporting debt collection is assessed. This decision will increase the need for:

- clear written and comprehensive guidance to be available to staff to ensure management expectations are clear on how debt is to be managed (see above)
- focused and risk based management review of individual debts to confirm required processes are being properly and consistently applied by staff (see below).

### Management Assurance of the Social Care Debt Policy Application

Regular team meetings are now taking place where Finance Officers are encouraged to bring along 'trouble cases' for advice and decisions are documented on the next steps to be taken. Management also require Finance Officers to report on progress made in recovering specific debts, from time to time.

## Appendix 1b: Audits Revisited

Supplementing these arrangements with regular and systematic review of a selection of cases picked at random from the aged debt report, would give additional assurance that staff are:

- properly and consistently applying the policy
- taking appropriate and timely action to recover debt.

### **Analysis of the Debt**

Work has been undertaken to understand the debt profile, including:

- the level of debt at certain stages within the collection process, such as payment arrangements, parked debt, write offs and referrals to Legal Services and Counter Fraud and Investigation Directorate
- the type of debtor e.g. probate cases, deferred payment arrangements, NHS invoices, residential and non-residential etc.

As such, the risk associated with collecting certain types of debt and where to focus resources for optimum return, is more clearly understood. To develop this further and give particular focus to the increasing risk of non-collection, it would be beneficial to have further analysis regarding the age of the debt.

Since the detailed audit work was completed, officers have confirmed that all remaining actions have been addressed.