

## Appendix 2: Audit Opinion and Summaries

### Assurance



### Income Receipting and Banking

#### Objective

To assess whether the key controls 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.

#### Summary

We identified a strong control environment in the Income Receipting and Banking process.

In particular, we performed detailed testing of the process for cheque receipts; for allocation of income to debtor accounts; and for income reconciliations. We noted that these controls were well designed and did not note any exceptions in relation to these areas.

There are, however, a small number of opportunities to further streamline the process in certain areas. In particular, the following improvement opportunities were identified:

- The invoicing process should be amended so invoices are posted directly into Business World by staff across the Council and reviewed by the Accounts Receivable team. This would mitigate the risk of incorrect invoicing by eliminating the possibility of incorrect input error by the Accounts Receivable Team, and reduce the overall workload in the invoicing process. Implementing this recommendation may require additional Business World training for some staff (R1).
- Electronic Point of Sale (EPOS) transactions should be loaded into Income Manager initially, rather than directly into the General Ledger, as they are currently. This would ensure that EPOS income was subject to timely checks as part of the Income Receipting process, and reduce the Council's reliance on monthly bank reconciliations to address any issues with EPOS transactions (R2).
- Strategic consideration should be given to the opportunity to reduce or phase out the use of cheques for income, given the inherent risk of loss due to fraud or mishandling of cheques, and the limited efficiency of processing cheques. We tested the process for cheque receipts and did not identify any exceptions, but the volume of cheque income at Southend remains high (£1.5 million between April and November 2021), increasing the Council's exposure to the associated inherent risks (R3).

We also noted an issue relating to systems access, and recommend systems changes, or a regular access review, to ensure that staff who have left the finance team, or contractors who no longer work for the Council do not retain inappropriate systems access. This finding is outlined in detail in the separate General Ledger audit report.

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In addition, as part of this audit, we looked into the Council's process to ensure that the right to income is appropriately identified by the Council, and that income is invoiced and pursued where it is due. This is closely linked to the budget monitoring process, as identifying income is largely delegated to the Services, with the support of the Finance Business Partners who work alongside them. The Council attempts to provide training to staff to equip them to complete these tasks and ensure a close relationship between the Services and Finance staff through the Finance Business Partners. We will continue to monitor these arrangements through our ongoing and future audit programmes.

Number of actions agreed: 3