

Responses to Internal Audit Report – Debt Management Consultancy Review
2018/19

Report Dated: 8 November 2018

Recommendation 1:

Review Corporate debt policies in place, raise awareness and complete training once updated.

Service area response: Agreed

Current status: Updated Corporate Debt Policy completed and currently within consultation phase. Council submission planned for October 2019.

Recommendation 2:

Create a strategy to review and action debt over 90 days old

Service area response: Agreed

Current status: Review commenced. See later responses which address the stages reached to date.

Recommendation 3:

The Council undertakes a review of the basis of the bad debts provision to ensure it remains prudent and realistic, particularly in respect of very old debts.

Service Response: Agreed

Current Status: Review is underway, with findings taken into account with the review of the bad debt provision in May 2019. Provisions have been accepted by Senior Leadership Team

Recommendation 4:

More consistent notes on NNDR cases would clarify what recovery action had been taken and why.

Service Response: Agreed

Current status: Testing of aged debt found that 89% had full actions and evidence of recoveries attempted. In the remaining 11% of debts there was some recovery information however, particularly in NNDR there were some gaps within the notes on Northgate which made it more difficult to obtain recovery information. Staff have been reminded of the need to ensure notes are clear and accurate.

Recommendation 5: Write off sheets should have full details of recovery action made and approvers should ensure there is evidence of robust recovery action made and approvers should ensure there is robust recovery action before agreeing to write off debts.

Response: Agreed

Current status: This has been implemented

Recommendation 6

Consider how to incentivise service area engagement with the recovery process, (e.g. via personal targets) together with arrangement for further escalation and holding officers to account if non engagement persists.

Response: Agreed

Current status: Draft Sundry Debtors Plan completed and ready for discussion with Housing and Communities Manager and Director for People and Communities before submission to the Portfolio Holder for Housing and Communities

Recommendation 7:

As part of the review with Corporate Debt Policy, the council specify which services could legitimately and reasonably be withdrawn due to non-payment.

Response: Partial agreement.

Current status: Draft Sundry Debtors Plan (rather than Corporate Debt policy) includes this approach. It is now a matter for discussion with Housing and Communities Manager and Director for People and Communities before this can be progressed further.

Recommendation 8

Appointment of a permanent post holder may provide an opportunity to further develop the role and ensure appropriate priority is given to debt recovery and escalation.

Response: Partial agreement.

Current status: Pending the results of a wider review of the council's staffing structure scheduled to be completed in September 2019 the current temporary secondment has been extended until end of March 2020. The structure review aims to balance service needs, improvements and budgetary constraints and for this reason compromise is an inherent part of this exercise.

Recommendation 9

Extend the use of direct debits for recurring debts such as garage rents, commercial rents unit or office space rents, licence fees and Lifeline payments. Consider mandatory prepayment to reduce the need for recurring or ad-hoc invoices in respect of room hire, building inspection fees and building fabric insurance.

Response: Partial agreement.

Current status: Draft Sundry Debtors Plan includes these and other issues. It is now a matter for discussion with Housing and Communities Manager and Director for People and Communities before this can be progressed further.

Recommendation 10

Adding formal sundry debt performance measures to corporate performance indicators would show that progress can be monitored more formally and more detailed analysis can be completed. Examples of debt recovery targets could include percentage or value of debt required to recover, debtor days and aged debt analysis.

Response: Partial agreement.

Current status: Draft Sundry Debtors Plan includes these issues. It is now a matter for discussion with Housing and Communities Manager and Director for People and Communities before this can be progressed further. However, the council's accounting IT system is coming to the end of its useful life and is scheduled for replacement. The Sundry Debtors / Accounts Receivable system is included in this. As most Sundry Debtors / Accounts Receivable system are, in effect, "bolt-ons" to those systems the scope of customising without

excessive and ongoing additional costs is a matter which will be taken into consideration.