



**Internal Audit Report**  
**Income Management**

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**Audit:** Income Management

**Auditor:** Ann Kirk & Julie Ball

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# 1 Introduction

- 1.1 The council's budgeted income for 2012/13 is £131,525,997. It is vital that there are controls in place to ensure that this income is properly accounted for. It is the responsibility of Budget Managers and Line Managers under the councils constitution to monitor and control both expenditure and income budgets. The reconciliation process requires income to be recorded and certified on a periodic basis for internal management control.

# 2 Scope

- 2.1 Internal Audit verified that services have a reconciliation methodology. Internal Audit did not re-perform any reconciliation's that had previously been carried out by the services but verified that controls were in place to ensure that income was accounted for following recent incidences where Building Control failed to properly account for their income.

### 3 Findings

2.2 Over the last six months Internal Audit has carried out sample checks of reconciliations undertaken on 40 cost centres across the council, representing 99.5% by income value.

2.3 The table below provides a summary of the directorates and services reviewed with the breakdown of budget and the amount reviewed in each service.

Directorate	Services	Total Budget	Total Budget Reviewed	% Budget Reviewed
Home & Community	Community Services	981,460	981,460	100
	Housing & Planning Policy	590,400	541,800	92
	Leisure & Wellbeing	353,600	345,600	98
Environment	Health Protection & Environmental Managements	473,900	467,200	99
	Chichester Contract Services	1,970,700	1,911,200	97
	Development Management & Building Control	890,100	881,800	99
Support Services & The Economy	ICT & Property Services	1,672,000	1,653,300	99
	Economic Development & Car Parks	4,641,900	4,601,700	99
	Revenues & Support Services	119,951,937	119,949,037	99.9
		<u>131,525,997</u>	<u>131,333,097</u>	

3.3 Of the 40 cost centres sampled Internal Audit found 33 were undertaking full reconciliations which had been completed while 7 are still in progress. The table below provides a breakdown of which services these 7 relate to. Further information and the progress of these reconciliations can be found in Appendix A.

Directorate	Services	Number of cost centres reviewed	No of areas where reconciliations have not been completed
Home & Community	Community Services	2	2
	Housing & Planning Policy	5	0
	Leisure & Wellbeing	5	0
Environment	Health Protection & Environmental Management	10	1
	Chichester Contract Services	10	2
	Development Management & Building Control	2	1
Support Services & The Economy	ICT & Property Services	3	0
	Economic Development & Car Parks	1	1
	Revenues & Support Services	2	0
		<u>40</u>	<u>7</u>

## 4 Conclusion

- 4.1 The reconciliation process is not currently fully embedded in the council's culture and there is a risk that reconciliations may not become a continuous core responsibility of the services once this audit has been completed.
- 4.2 The District Treasurer has offered help from the Accountancy Service to aid services in getting started. Services need to ensure they are reconciling and completing a meaningful continuous reconciliation and therefore services should take advantage of this offer to ensure that their reconciliation process is correct.
- 4.3 Where applicable Internal Audit will include financial reconciliations in future audits and report any findings as necessary.
- 4.4 As a result of this audit a number of recommendations have been made which include.
  - That reconciliation is undertaken
  - That reconciliations are checked and signed by Management
  - Documentation of the reconciliation is kept for the financial year
  - That the services ensure that their system for recording income reconciled to G/L

Details of these can be found below.