



Debt Recovery Audit

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1) Executive Summary

i) Introduction

This audit was carried out as part of the agreed audit plan for 2023/2024. Audit testing has been restricted to areas that have been assessed as high risk by internal audit.

This audit supports the 'Financial Prudence' element of the Chichester District Councils 2022-2025 corporate plan and covers all services areas within the Council with regards to their Debt Recovery processes from invoicing through to recovery or write off, excluding -

NDR – A full audit into the NDR processes including Invoicing and debt Recovery was completed for the audit plan 2022/2023 – the final report for this was completed in October 2023. – Overall Assurance level - Assurance

Housing Benefit – a full audit covering housing benefit overpayments and debt recovery was completed for the audit plan 2022/2023 the final report was completed in November 2023. - Overall Assurance level - Assurance

Council Tax – A full audit covering Council tax invoicing and debt recovery was completed for the audit plan 2022/2023 the final report was completed in August 2023. – Overall Assurance level - Assurance

Housing Rent Accounts – There have been historical issues for Housing debt, a position statement from the Divisional Manager of Revenues, Benefits & Housing is included with this audit. Following a full audit into the processes within Westward House (CDC owned temporary housing unit) in October 2023, this highlighted that there are new procedures for rent accounts being implemented to prevent re-occurrence of these historical issues. **Internal audit will review the risk for a standalone audit into all housing debt for the audit plan 2024/2025 and at present this is not a listed risk on the CDC Corporate risk register.**

Estates – Following Covid related restrictions on the recovery of rent arrears, automated debt chasing on the internal financial system Civica was paused. Business as usual has returned with a risk-based approach being used to approach the recovery of return arrears and to update Civica with the correct position within the debt recovery process. A position statement from the Divisional Manager of Property & Growth is included with this audit. Internal audit completed a review of the current position and

Civica was updated and turned back on in October 2023, this has caused some issues with communications being sent to tenants outside of the procedures, but this has prompted payment from some. There is still work to be completed in chasing this historical debt and ensuring procedures are followed.

Internal audit will review the risk for a standalone audit into Estate debt for the audit plan 2024/2025. This issue is item number CRR 61 on the corporate risk register, with no movement from '6' (out of 15) since March 2018 and has not been updated since July 2023.

Debt Values across the council:

All Debt across the council to year end 2023 was £11.8 Million (as stated by Revenues & Debt Recovery Manager at the CG&AC meeting 30 October 2023) of this £5 Million is 'real' debt to the council. The difference in these figures is the % share of NDR's & Council Tax that we collect and sits as debt on our financial system but is then distributed out to other areas – e.g., County Council, Police (figures provided by Group Accountant).

Chichester DC

Schedule of outstanding debt and bad debt provisions held

	Non-Domestic Rates CDC Share (40%)	Non-Domestic Rates (Court Costs)	Council Tax CDC Share	Council Tax (Court Costs)	Housing	Sundry Debts	Housing Benefit Overpayments	Total
	£	£	£	£	£	£	£	£
2022-23								
Provision b/f	303,690.97	1,936.89	373,285.66	193,030.16	582,597.30	452,006.76	1,261,989.83	3,168,537.57
Write offs	-122,949.44	-3,997.55		-54,946.63	-177,201.36	0.00	0.00	-359,094.98
Movement on provision in year	135,297.88	6,636.72	-25,109.50	43,074.42	91,999.92	173,821.97	-216,973.32	208,748.09
Provision c/f	316,039.41	4,576.06	348,176.16	181,157.95	497,395.86	625,828.73	1,045,016.51	3,018,190.68
Debt outstanding at year end	785,728.40	9,152.11	712,000.76	362,315.89	510,921.95	789,561.28	1,890,064.23	5,059,744.62
Provision held as a % of outstanding debt	40.2%	50.0%	48.9%	50.0%	97.4%	79.3%	55.3%	59.7%

Visibility of Debts:

The debts within Chichester District council sit across many different systems, the majority of these are pulled into Civica from these other systems and can be reviewed via the aged debtors report, excluding Housing for rental debt which sits within Wrapp and licencing debt for Gambling and lottery licences, these are raised and monitored via Uniform, plus non-payment makes the licence null & Void and therefore no actual debt occurs. CIL demand notices are raised in the Exacom system and are managed by the CIL team with support from legal and Debt Recovery requested if required. The Parking team raise PCN's via the Chipside system, these are monitored and managed by the Parking services team and come under civil regulations and sit outside the debts to the council.

Debts by service area are raised at Divisional Managers health check meetings, where they are presented with visual representations of their current debts.

An action raised within the Council's risk management system (Pentana/ideagen) states '**Investigate and pilot technological advancements to aid increased debt recovery collection**'. This is looking to address the issues that multiple systems raise in the visibility and monitoring of debts, this is being completed by the Revenues & Debt Recovery Manager and is due for completion by 31st December 2023.

Audit testing has been carried out on the following objectives to ensure that:

Objective 1: There are up to date policies and procedures in place to ensure all debts raised are genuine debts.

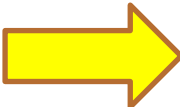
Objective 2: There are clear and up to date policies and procedures in place that set out debt recovery procedures and responsibilities across all departments within Chichester County Council.

Objective 3: Outstanding debts are monitored and actioned as a matter of course across all departments within Chichester District Council.

Objective 4: There are clear write off policies and procedures in place and adhered to across all departments within Chichester District Council.

ii) Overall audit opinion

The overall audit opinion is based solely on testing carried out and discussions held during the course of the audit.

	Levels	Description/Examples
	No Assurance	Major individual issues identified or collectively a number of issues raised which could significantly impact the overall objectives of the activity that was subject to the Audit
	Limited Assurance	Control weaknesses or risks were identified which pose a more significant risk to the Authority
	Reasonable Assurance	Control weaknesses or risks were identified but overall, the activities do not pose significant risks to the Authority
	Assurance	No issues or minor improvements noted within the audit but based on the testing conducted, assurance can be placed that the activity is of low risk to the Authority

iii) Summary of findings.

Objective 1: To check clear and up to date policies and procedures are in place to ensure all debts raised are genuine debts.

Assurance Level: Assurance

Four low exceptions were raised as a result of audit testing under this objective.

Testing found that the new e-form process of raising invoices, Periodic Master Records (PIMS) and Credit notes which was launched across the council on 12th December 2022, is working well across the service areas that use this process. The procedures are available on the Internal Intranet and give step by step information to the service areas.

The adding and amending of debtor's accounts is completed by the service areas via the new e-form process, which are then reviewed for duplication or errors in details by the Income and Payments team. Checks are made by approvers once an invoice is raised, but there are no procedures relation to checks to be completed prior to the adding/amending of new debtors but service areas have their own processes and procedures depending on the service being provided and where possible payment should be made prior to the service provided.

Testing did not find any procedures for the Income and payments team to follow when completing their stage in this transactional processing, only a daily task list covering the tasks that need to be completed with minimal guidance.

The intranet procedures clearly detailed the service areas that have exceptions to the e-form process, meetings were completed with the service areas with higher value debts, and we discussed appropriate procedures for their individual processes.

Testing of 2000 of the 46,770 debtors on Civica (internal financial system) found 127 duplicate debtor accounts. Discussions with the Income & Payments Manager (I&PM), highlighted that some debtors require duplicate accounts for invoicing purposes, for example there needs to be a Trade waste only account set up for importing data from the Bartec system (system used to raise invoices for Trade Waste)

From the 127 duplicate details only 2 were fully duplicate accounts which were not required for any invoicing or systems reasons. The Income and Payments Manager (I&PM) was aware of these accounts immediately when discussed, these accounts have now been actioned to prevent any further use going forward, but accounts cannot be 'deleted' as such within the Civica System.

Testing on ADDAC's (Direct Debt amendments and cancellations), and ARUDD's (Unpaid Direct Debt) reports, found that these had not always been actioned or notes recorded to highlight actions taken. This was a historic issue around the end of 2022 and the implementation of the new e-form system. All have been actioned appropriately since March 2023. There were procedures in place for ARUDDS, but none were available for ADDACS.

A sample of PIMS were tested – 27 from the 2330 raised between 1/9/22 -31/8/23. This found that all but 3 were raised and authorised within sufficient time scales. All 3 not, were due to transactional reasons preventing this from occurring. 11 unauthorised PIMS were also found on the Civica system, this is where customers raise them via the external web site for Garden waste services but do not provide the required Direct Debt mandates to process the transactions. These were found to be outstanding since June 2023.

Details of the findings are contained within EX1.1, EX1.2, EX1.4 and EX1.5

Objective 2: To check there are clear and up to date policies and procedures in place that set out debt recovery procedures and responsibilities across all departments within Chichester County Council.

Assurance Level: Assurance

Two low exceptions were raised as a result of audit testing under this objective.

There is a clear, detailed Debt Recovery policy in place that covers all service areas of the council. This policy was produced in March 2020, a review of the current policy was scheduled for February 2023 following Government consultations on Breathing Space and a review of the Council Tax Debt recovery processes – The Debt Recovery policy review is currently in progress and findings from this audit will be considered for its preparation. This is due to CG&A committee in March 2024. References to changes in service area names are also required, eg Taxation Team, which is now Debt Recovery Team.

Supporting the Debt recovery Policy are Debt recovery procedures available on the Shared drive – CDR1 – CDR6 covering the full scope of the Debt recovery process, these were found in testing to have been produced in 2020 and required updating. Although

the key processes have remained unchanged. There are also up to date procedures on the Internal Intranet under Debtors/Customers accounts covering the full generic process for Debtors required by service areas.

All service areas met had knowledge of where to find the required guidance for all processes, but testing showed that the application of the procedures varied in consistency across the CDC. All debts (excluding the exceptions stated at the start) had been addressed correctly via the automated system within Civca but following the referral to the Debt Recovery Team, evidence was seen of issues that should have been addressed earlier in the debt recovery stages. Of the 15 debts tracked from Invoice to payment or recovery, 6 had issues that should have been addressed before it was passed to the Recovery stage. This should be picked up in the completion of the Aged Debtors report by the individual service areas.

Individual SLAs to support the completion of the debt recovery process between the Debt Recovery Team and the Service areas were found to be out of date and/or missing for all relevant departments except one and there were no records of monthly meetings and actions agreed at these.

Details of the findings are contained within EX2.1 and EX2.2

Objective 3 To check outstanding debts are monitored and actioned as a matter of course across all departments within Chichester District Council.

Assurance Level: Reasonable Assurance

One low and one medium exception were raised as a result of audit testing under this objective.

A monthly Aged Debtors report, as per guidance on the internet should be downloaded and follow up with debtors completed. The report annotated and referred to Income and Payments by the 10th of each month. Testing showed that individual service areas self-monitoring of debts was limited to 2 areas within the CDC. One other area was reviewing or monitoring, but not taking the appropriate action required.

The Debt Recovery Team are completing meetings with Trade waste, Estates and Licencing around actions required for their debts, due to slightly different processes than the norm following reminder stages but the processes prior to this is the same across all service areas within the council. (Excluding Housing) But there are no meeting notes to highlight actions agreed.

As highlighted in the above objective, of 15 debts tested, 6 were found to have had actions missed in the process that changed the direction of the debt recovery process. Civica automatically sends reminders at scheduled dates unless manual intervention is taken until they enter the recovery stage, then actions are required by the Debt Recovery Team.

Testing of debts from invoices raised in the 2022-23 Financial year showed there were delays in the actions taken after the final Letter before action is issued by the Debt Recovery Team, but that all debts tested were at either paid or appropriate action taken when testing was completed, excluding debts from the Trade Waste area. All 3 of these debts had no actions escalated which should be suspension of collections This is discussed monthly around the maintenance of business relationships and 'active' accounts. Following discussions with the Debt Recovery Team leader (DRTL), the largest of these debts is now being reviewed but leads to inconsistency in the approach to debt across the council.

Historical debts were also reviewed to gain oversight of their position, many had not gone through the appropriate stages outlined with the Debt Recovery Policy and had outstanding actions. The Debt Recovery Team Leader has reviewed these and due to time barring a high number of these will now go through the write off process and be charged back to the service areas, causing a loss to the council.

Testing around the Debtors processes found that the 2022-2023 debtors reconciliations had not been authorised, these had not been authorised monthly as per guidance provided from the Capital Accountant. The end of year had been reviewed and authorised. Historical Issues were identified in these reconciliations back to 2019 around issues with refunds processed through Civica. There are in the process of being addressed and are included in the reconciliations balancing figures.

Details of the findings are contained within EX3.1 and EX3.2.

Objective 4: To ensure there are clear write off policies and procedures in place and adhered to across all departments within Chichester District Council.

Assurance Level: Reasonable Assurance

One medium exception was raised as a result of audit testing under this objective.

Table below shows all write offs actioned between 1 April 2022 and 31 March 2023. indicates a write on.

Financial Year	NDR £	Council Tax £	Exchequer £	Housing Benefits £	Housing £	Total £
Pre 2017/18	25,404.82	349,471.44	1,579.54	-	179,193.95	555,649.75
2017/18	13,622.17	24,984.93	188.00	-	10,623.86	49,418.96
2018/19	33,239.64	32,099.85	1,224.70	-	17,111.71	83,675.90
2019/20	64,977.82	56,572.71	3,252.90	-	5,265.41	130,068.84
2020/21	95,023.45	79,859.43	598.10	-	3,152.66	178,633.64
2021/22	37,756.26	70,133.36	10,518.58	144,501.85	2,774.17	265,684.22
2022/23	41,341.71	25,930.96	148.86	-	3,178.81	70,600.34
TOTAL	£311,365.87	£ 639,052.68	£17,510.68	£144,501.85	£221,300.57	£1,333,731.65

Figures from Revenues & Debt Recovery Manager – CG&AC Meeting 30th October 2023.

Testing was completed on debts from across all departments within the CDC for 22/23, only one of these progressed to the write off stage due to an IVA being processed through the courts, the remainder excluding Trade Waste debts followed the appropriate route and were either paid or were amended via the Debt Recovery Team due to errors or issues with the original invoicing.

Write offs were completed and recorded for every quarter as per policy. Record Keeping for sign offs was missing for the quarterly lower valued write offs but was present for the year overall.

Items raised for write off by debt recovery via civica are reviewed and additional work completed in reviewing the Debtors full account history is completed by Income and Payments. These are then processed via Civica, removing the debt from the account prior to sign off being completed. These are then reversed in Civica if approval is declined. No feedback or update is provided to debt recovery on amendments completed to their original record raised.

Historical debts raised prior to the 2022-2023 financial year have not followed the correct processes and many debts should have been written off under time barred reasoning.

Details of the findings are contained within EX4.3.

Overall Assurance Level – Reasonable Assurance

There were 2 medium and 7 low exceptions raised in total and therefore Internal Audit can give Reasonable Assurance that the area is of high risk to the Authority.

Key for risk rating of exceptions:

Priority Level	Description
Critical Risk	Control weakness that could have a significant impact upon not only the system function or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none">▪ The efficient and effective use of resources▪ The safeguarding of assets▪ The preparation of reliable financial and operational information▪ Compliance with laws and regulations And corrective action needs to be taken immediately.
High Risk	Action needs to be taken to address significant control weaknesses but over a reasonable timeframe rather than immediately. These issues are not "show stopping" but are still important to ensure that controls can be relied upon for the effective performance of the service or function. If not addressed, they can, over time, become critical. An example of an important exception would be the introduction of controls to detect and prevent fraud.
Medium Risk	These are control weaknesses that may expose the system function or process to a key risk but the likelihood of the risk occurring is low.
Low Risk – Improvement	Very low risk exceptions or recommendations that are classed as improvements that are intended to help the service fine tune its control framework or improve service effectiveness and efficiency. An example of an improvement recommendation would be making changes to a filing system to improve the quality of the management trail.

EX 1.1 Clear guidance on debtors, in place for service users and Income and Payments team to follow.

Risk rating: Low

Findings:

Testing found that the new e-form process of raising invoices, Periodic Master Records (PIMS) and Credit notes which was launched across the council on 12th December 2022, is working well across the service areas that use this process. The procedures are available on the Internal Intranet and give step by step information to the service areas.

The adding and amending of debtor's accounts is completed by the service areas via the new e-form process, which are then reviewed for duplication or errors in details by the Income and Payments team. Checks are made by approvers once an invoice is raised, but there are no procedures in relation to checks to be completed prior to the adding/amending of new debtors but service areas have their own processes and procedures depending on the service being provided and where possible payment should be made prior to the service provided.

Testing did not find any procedures for the Income and payments team to follow when completing their stage in this transactional processing, only a daily task list covering the tasks that need to be completed with minimal guidance.

Income & payments have a daily task sheet in place for task completion but all supporting training guides for Income and Payments are dated 2020-2021 and there are no procedures regarding the checks required for adding new or amending current debtors accounts since the change to e-form submission approval as highlighted in the intranet guidance, their checks only relate to details entered and the duplication of accounts.

Risks and consequences:

Debts being inappropriately actioned leading to reputational risk and the misallocation of resources.

Agreed action

Procedures to be updated for checks to be completed on new/amending debtors.

All service areas to have procedures covering completion of aged debtors report task and timescales specific to their area.

Officer responsible and by when

I&P Manager & Group Accountant – 31st August 2024 - COMPLETED

All Divisional Managers

EX 1.2 To ensure there is a robust process for setting up Debtors accounts.

Risk rating: Low

Findings:

The new e-form process automatically flags if a duplicate debtor is set up, but only if spellings, and content are the same in each case. Minimal quantities of duplicate debtors were identified in testing and some cases of duplication are required for transactional processes. Where the Income and Payments Manager becomes aware of duplicate debtors these cannot be 'deleted' but are able to be made inactive for future use.

Risks and consequences:

Debts being inappropriately actioned leading to reputational risk and the misallocation of resources and debts being omitted leading to loss of resources.

Agreed action

Appropriate Duplicate Debtors identified to be set to unusable in Civica.

Officer responsible and by when

I&P Manager – 31st August 2024

EX 1.4 Monitoring of unpaid DDs (ARUDD) and DD amendments and cancellations (ADDACS). Follow up action taken where necessary.

Risk rating: Low

Findings:

Monitoring is being completed and recorded in the daily task list within Income and Payments and records saved in the Shared drive. During testing an issue was identified covering the end of 2022, start of 2023, where this wasn't fully completed, or details of actions recorded. Since March 2023 there have been no issues seen during testing and the I&P Manager has reviewed all the identified transactions that were missed, taking the appropriate actions required. There were procedures in place for ARUDDS, but none were available for ADDACS.

Risks and consequences: Amended, cancelled or unpaid direct debts are not followed up, meaning loss of income to the council and reputational risk where cancellation or amendment should have occurred.	
Agreed action	Officer responsible and by when
Produce ADDACS procedure notes and completes actions required on missed ARUDD's & ADDAC's.	I&P Manager – 31 st August 2024 – COMPLETED

EX 1.5 To ensure PIMs have been authorised in a timely manner and by a separate officer to the initiator. Confirming that authorisation was in line with the debtor approver limits.	
Risk rating: Low	
Findings: Testing was completed on 27 PIM's set up pre-e-form and post e-form roll out. Issues were found with 7 of the 27 of these - 1.89%. Of these all but 1 had a transactional reason for the delay in completion and authorisation connected to the individual service areas requirements. One of these was authorised by the same person that had raised the original PIM – but this was a change to a Garden Waste PIM and not a new set up and this was confirmed by the Business Support Lead (BSL) for Garden Waste. PIM records were also found to be on inactive on Civica system for Garden waste which are generated by customers via the external web site but unless a DD mandate is received than they remain inactive. The BSL for Garden Waste confirmed these are usually checked monthly and cleared.	
Risks and consequences: It may not be possible to take recovery action if necessary if PIMs have not been set up correctly. This could lead to loss of income for CDC and a loss of income if invoices are not sent out. Risk of error from holding inactive PIM's and GDPR compliance.	
Agreed action	Officer responsible and by when
Non-authorized PIM's to be reviewed monthly and appropriate action taken.	CCS Business Support Lead – 31 August 2024

EX2.1 Clear and current policy in place covering every dept and all stages of debt recovery.

Risk rating: **Low**

Findings:

There is a clear, detailed Debt Recovery policy in place that covers all service areas of the council. This policy was produced in March 2020, a review of the current policy due in February 2023 following Government consultations on Breathing Space and a review of the Council Tax Debt recovery processes – The Debt Recovery policy review is currently in progress and findings from this audit have been considered for its preparation. This is due to CG&AG committee in March 2024. Changes in service area names also require changing, e.g Taxation team.

Risks and consequences:

Inconsistency in the application of Debt Recovery across the CDC. Reputational risk and legal vulnerabilities

Agreed action

Policy to be updated – including recommendations from this audit ready for Committee in March 2024.

Officer responsible and by when

Divisional Manager – Financial Services: March 2024.

EX 2.2 Procedures in place covering every dept and all stages of debt recovery and who is responsible for these.

Risk rating: **Low**

Findings:

Supporting the Debt recovery Policy are Debt recovery procedures available on the Shared drive – CDR1 – CDR6 covering the full scope of the Debt recovery process, these were found in testing to have been produced in 2020 and required updating. The key processes have remained unchanged, only amendments are required. There are also up to date procedures on the Internal Intranet under Debtors/Customers accounts covering the full process for Debtors required by service areas.

All service areas met had knowledge of where to find the required guidance for all processes, but testing showed that the application of the procedures varied in consistency across the CDC. All current debts (excluding Estates) had been addressed correctly via the automated system within Civca, but following the referral to the Debt recovery team, evidence was seen of issues that should have been addressed earlier in the Debt recovery stages and delays in these actions. There had been no actions for Trade Waste debt.

Risks and consequences: Inconsistency in the delivery of DR across the CDC, Reputational risk, and legal vulnerabilities	
Agreed action	Officer responsible and by when
All Debt Recovery Procedures – CDR1 – CDR6 to reviewed and updated.	Revenues and Debt Recovery Manager – 31 st August 2024.
SLAs to be updated between the Corporate Debt Recovery Team and the key services (Housing, Licensing, Trade Waste, Environmental Protection and Estates) –	Revenues and Debt Recovery Manager & applicable service area's – 31 st August 2024.

EX 3.1 The debtors control account is reconciled to the general ledger account on a regular basis to ensure that all debts raised, and income received is recorded in the general ledger.
Risk rating: Low
Findings: Debtors' reconciliation spreadsheet shows no sign offs on reconciliation for all of 22/23 and February & March 2023 are not completed fully or signed There are no records of monthly reconciliation approval. There is one email saved for sign off for all Debtors Rec 2022/2023 to the Group Accountant on 28/4/23. Sign off has now been completed on 20/11/23, but these were reviewed at End of Year for external auditors and recorded on a tracker to show this for April 2023 sign off. This was just not recorded directly on the month by month or Year-end spreadsheet. Monthly reconciliation is now being completed and sign off has been recorded since April 2023 for each individual month up to September 2023. Issues with refunds are highlighted in the reconciliation emails for the end of year 2022-23. These date back to 2019, These were original £4,000. The monthly reconciliation is showing the figures to balance with these refunds rolled down into this financial year and without to highlight the matter and show the reduction in the figures. This current sits at £2,344.50.
Risks and consequences: The general ledger is not accurate meaning that the figures published in the statement of accounts may be inaccurate. This could lead to qualification of the accounts by the External Auditor which could result in reputational damage.

Agreed action	Officer responsible and by when
Procedures for completion of the debtor’s reconciliation to be produced, including how to investigate issues and timescales expected.	Capital Accountant – 31 st August 2024.
Historical Refund issues affecting the Debtors control accounts to be completed within an agreed timescale.	I& P Manager- 31 st August 2024

EX 3.2 - An Aged Debtors report is produced and actioned as per guidance by every dept.

Risk rating: Medium

Findings:

The Debt Recovery policy states:

Each unit/section will be responsible for ensuring that this policy is adhered to and implemented effectively. Divisional Managers and budget managers have a responsibility to monitor and report debt arrears monthly using the Aged Debt Report and completing the Monthly Aged Debt Return to the Income and Payments Team and are required to seek advice from the Director of Corporate Services (S.151 Officer) if support is required to manage a debt issue.

Officers from the Taxation Team and Income and Payments Team should report regularly to the Strategic Leadership Team (SLT), so that management are aware of the financial risk of non-collection for the authority for its income streams where debt recovery action is being undertaken. An aged debt report annotated with accounts referred to the Taxation Team to be compiled quarterly, along with the quarterly write off reports for the Director of Corporate Services (Section 151 Officer).

Not all depts are using the aged debtors report (2 across the CDC), Those that are, are not fully checking details (DM) or following the actions required (CCS) The procedures on the intranet are clear and up to date but other supporting procedures for Debt recovery e.g. CDR1 does needs to be updated – (this supports service areas understanding of the full process from Invoice to final letter before action)

Appropriate action has been taken on a selection of 15 invoices tested for 2022-23 for each dept through all stages via automation through Civica and appropriate actions after Letter Before Action taken by the Debt recovery team have been completed, some were

over a longer period than expected, and many had actions completed by Debt recovery team that should have been completed by the Service Areas if monthly reviews of the aged debtors report had been completed.

(Invoices for Service Areas tested x 10 plus additional for Licencing x2 and CCS/Trade Waste x3)

CCS has not followed the process after DR stage due to 'Active accounts not being progressed in all cases to maintain business relationships. These are monitored outside of civica and shared monthly with the debt recovery team by CCS. Following a meeting with the DRTL – the company with the largest figure (Suez) is now being reviewed. But this leads to an inconsistency of approach across the council.

I also completed testing on the oldest debts as of 2/11/23 - this raised the issue of 'Historic' debt sitting on the aged debtors report. Following discussions with DRTL- this is being reviewed and written off, but actions should have been taken in line with the Debt Recovery policy prior to this write off being completion and hasn't.

Top 6 oldest tested – 4, were historic and unallocated to a specific service area and will now be written off. 1, which is from 2012 is the last time a court compensation order was completed, and final payments have not been made, the debtor has now absconded, so has been recorded to be written off. 1 to W/O as time barred. Q3 23/24.

Largest Debts - as of 4/4/23 - x5 all processed as per Procedures - One Court action is progressing all documents in place to support this via legal. Recorded for write off once progressed via CCJ.

Largest Debts - as of 2/11/23 - x 5 One invoice was highlighted in above court action. X 3 invoices are companies that have different payment terms so aren't true debts on the account - this was raised in a meeting 31/8/23 with Finance, Debt recovery and Estates due to the issues raised in estates.

It was also seen in the review of the aged debtors report and records with these that where payment has been agreed by either Service area or Debt recovery, these were not being monitored to assure compliance to the payment's schedules. This can be managed easily within Civica and the aged debtors report.

Risks and consequences:

Inconsistency in the application of DR across the CDC, Money is not recouped for CDC. Risk of reputational damage and loss of income.

Agreed action	Officer responsible and by when
All service areas to be completing the required actions around the aged debtors report monthly as per guidance on the Intranet and updating Civica/I&P.	All Service Areas – DM’S – Agreed by SLT
Service areas to have one contact for ownership of the Aged Debtors process for DR and I&P teams.	All Service Areas – DM’S – Agreed by SLT
Key contacts – look at possibilities of best practice sharing/task force.	All Service Areas – DM’S – Agreed by SLT
Discussions and meetings between DR and other depts to take place as per SLA’s and minutes/notes recorded.	Revenues and Debt Recovery Manager – 31 st August 2024
Monitoring of payment instalments to be managed and reviewed within Civica.	Revenues and Debt Recovery Manager & I&P Manager -31 st August 2024
Each stage of the debt recovery process to be followed in line with the timescales in the policy including escalation to Court if debt meets Court action policy requirements.	Revenues and Debt Recovery Manager – 31 st August 2024

EX 4.3 There is a consistent approach to write offs across each dept in CDC.

Risk rating: Medium

Findings:

Testing completed on debts from across all the council for General Ledger 22/23. x10 (from previous tracking of debts through processes) Only one went to write off stage, and this has been registered for W/O once IVA court process has been completed. CCS x3 - All 3 debts have not been processed as per procedures - This would be from the previously raised issues of 'Active' accounts not going through the debt recovery process due to maintenance of business relationships. - Licencing - x2 neither required progression to Write off stage.

The Oldest as of 02/11/23 - x5 of which x 4 are 'historic' Careline debts - these debts have been removed from the original Service area they were in and are now 'unowned' as such, following a discussion with the DRTL - All of the Historic careline debts have now been referred to I&P for Write off, and of the 16 Historic environmental debts, 12 have been referred for write off in Qtr. 3. of which 3 are time barred, 7 company in liquidation, 2 Abscond. There are 3 to review with Licencing and 1 with Environmental Health.

The oldest debts Debt from 2015 - recorded for write off in Qtr. 3 (after meeting with the DRTL) due to being time barred which is 6 years.

The largest debts - as of 4/4/2023 - x5

As above largest = IVA and gone for wo in qtr. 3 once court action completed. the other 4 have now been paid since April after Debt Recovery processes completed.

Largest debts to 2/11/23 -5 tested - 3 are showing as not progressed through debt recovery stages as these debtors have different payment terms which haven't been set up in the financial system correctly (Estates) One is as above the IVA and One had just entered Recovery stage one (DR3) of process on 7/11/23 so not far enough into timescales to assess. This has also been referred for follow up with the DRTL as states this is a grant agreement.

Records

Multiple debts for were recorded for June W/O had not been completed due to a duplication of work within the DR team - this has now been rectified and all corrected for Q3 W/O. (DRTL meeting notes)

2022-2023 - Write offs for the year document - this is the collation and authorisation of all write offs for each qtr. and end of year for 2022/2023 which has been signed and approved by the Director of Corporate Services. This is for all areas of DR across the council and highlights the write offs and from which year these originated in. This shows write off data for Feb 23 and March 23 - there is no data in the Sep 22 or Dec 22 tabs. There is also no detail regarding the related debtors for these figures. On reviewing the debt

recovery records- there are multiple spreadsheets, duplicate spreadsheets, and incomplete spreadsheets. There is a new template document - which looks to consolidate all these records dated May 23 - but this appears to not be in use. I found one spreadsheet that ties in with the tab of writes off in the year end document for Feb tab. Checking the data in this, all that had been recorded for write off, have been completed. - The year end figure being £17,510.68 but I could only find detail level for £5,363.49 of this. Following a meeting with the Revenues Team Leader, this missing data has been emailed to me. But had not been authorised for the lower value Write offs, but the overall figures for the year have been signed off as a whole by the Director of Corporate Services.

The process for the raising of Write offs between Debt recovery and Income and Payments appears to be double handling off workload. The Debt Recovery team are recording in Civica Notes the invoices they believe should be processed for write off, which they send to I&P to process the write off through Civica, but I&P are also reviewing and 'approving' items from further investigations of the Overall debtor's accounts. These are then written off in Civica, prior to authorisation being provided and reversed if declined.

Since meetings with DRTL, significant movement has occurred to Write off time barred debts in qtr3 which will see a reduction in the historic unenforceable debt and will hopefully enable the debt recovery team to focus on debts that have a chance of financial return not all due process has been completed to recover these debts historically.

Within the Councils Risk management system (Pentana) there are actions highlighted around Debt recovery and namely Write offs. This states 'devise a write off plan for areas of debts requiring a thorough review including but not limited to Housing benefit and Council Tax. This is marked as completed 29th June 2023.

Risks and consequences:

Each dept is inconsistent in their approach and delivery of the write off procedures, write offs are not completed correctly or at all. Reputational risk and legal vulnerabilities, wasted resources.

Agreed action

Clear records to be maintained for the Quarterly write offs for each service area and values including approval for all value levels.

Historic debts to be reviewed with each service area and appropriate actions taken for all depts.

Officer responsible and by when

Revenues Team Leader – 31st August 2024.

Revenue and Debt recovery Manager & all service areas. 31st August 2024.

<p>The process of raising debts for write off between Debt recovery and Income and Payments to be reviewed so that debts are only being analysed once and that these are not processed within civica until authorisation has been given as per policy.</p>	<p>Revenue and Debt recovery Manager & I&P Manager – 31st August 2024.</p>
<p>Expansion of the Write off reason description for ‘Unenforceable’ to be included in the debt recovery policy update.</p>	<p>Divisional Manager – Financial Services – March 2024.</p>