

Subject:	Debtors – Update on Internal Audit Actions		
Date of Meeting:	9 March 2021		
Report of:	Acting Chief Finance Officer		
Contact Officer:	Name:	Jane Strudwick	Tel: 01273 291255
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Ward(s) affected:	All		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 At the Audit & Standards Committee on the 27 October 2020 the Committee approved a recommendation that the Acting Chief Finance Officer report back to a future Audit & Standards Committee on progress on the actions within the 2019/20 Internal Audit report on Debtors.
- 1.2 The purpose of this report is to provide Members with that update. The last report on Debtors was finalised in July 2020. The report included eight actions: four high priority actions, three medium priority actions and one low priority action.

2. RECOMMENDATIONS:

- 2.1 That the Audit & Standards Committee note the report.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The 2019/20 Internal Audit report on Debtors provided Partial Assurance over the controls operating within the area and recommended the following actions to address the issues:
 - **Management of Aged Debtors** - The Aged Debtor Report will be worked through by the new Corporate Debt Campaign Team. New recovery routes will be agreed with service areas, and court action will be reintroduced on a trial basis;
 - **Non-Payment of Commercial Waste Invoices** - The Commercial Waste team will prioritise the recovery of unpaid invoices from customers who have not paid for two months or more. Services will be withdrawn if payment is not made or a reasonable payment plan is not set up;
 - **Performance Monitoring** - The Central Collection Team and the Data Operations Team will continue their work to implement the new monthly reporting process;
 - **Invoice Accuracy:**
 - (i) Service teams will continue to be reminded of the importance of having complete and accurate debtor details.

- (ii) New guidance notes will be issued, and visits made to service areas where necessary.
- (iii) When invoice set-up requests are lacking in the correct detail, they will be rejected and referred back to the originating team to provide accurate information;
- **Invoice Set-up Procedures and Online Forms** - The new working group led by the Purchase-to-Pay (P2P), Banking & Income Operations Lead will review the invoice set-up procedures and online forms, with the aim of re-designing and improving the whole process;
- **Evidence to Support Changes made to Debtor Accounts & System Notes** - The Corporate Debt, Banking & Income Manager and the Adult Social Care (ASC) Accounts Receivable/Accounts Payable Lead will remind staff of the importance of recording sufficient system notes. Team guidance and procedure notes will be reviewed and updated where necessary;
- **Salary Overpayments** - The Corporate Debt, Banking & Income Manager and the ASC Accounts Receivable/Accounts Payable Lead will liaise with the Financial Accounting team to explore options for changing the current process, so that salary overpayments can be easily attributable to the relevant service team;
- **Guidance Notes for Setting Up New Debtors** - The guidance notes for setting up new debtors will be updated and circulated to all members of the Central Collection Team.

The update on the above actions is attached as Appendix 1 to this report.

3.2 The Business Operations service set up a Debt Recovery Project to improve the Corporate Debt Recovery service. This was as a direct result of the 2019/20 Internal Audit Report and in response to addressing and improving the in-year debt recovery performance. The project was set up with four workstreams covering:

- Service Processes, Customer Interaction & Raising Invoices;
- Recovery Cycle: Processes, Policies and Documentation;
- Corporate Debt Team: Escalation of debt for further recovery & enforcement options;
- Write Off Process & Bad Debt Calculation.

An overview of this project is attached as Appendix 2 to this report.

3.3 The Committee should note, however, that Covid has had a significant impact on the progress on the actions contained in the report and also on the Debt Recovery Project as follows:

- In response to the government's hardship support and recommendations from the council's Covid 'Hardship Cell', the Acting Chief Finance Officer took the decision in February 2020 to move to a light touch debt recovery approach in respect of both Corporate and ASC debt. The service is continuing to operate a sensitive approach to debt recovery during the pandemic;
- For a large period, the team operated without their external phone lines which led an increase in customer e-mail volumes. As an interim measure, mobile phones were purchased to enable officers to work remotely and take customer calls at home. A corporate "soft phone" telephony solution was

commissioned and was put in place in October 2020 allowing the service to resume a fuller debt collection telephone service in addition to its standard letter approach to chasing outstanding debt;

- The service has had to divert debt recovery resources to other critical areas across the Business Operations service (e.g. social care and payments) to meet business need;
- The project manager role for the Debt Recovery project was also impacted which led to a delay in the set-up of the project;
- Long Term Sickness of the Accounts Receivable manager has also impacted;
- The Campaign team, intended to be set up as part of the Corporate Debt Project to drive debt collection forward, was delayed by seven months.

3.4 In the meantime, proactive support is being provided to people and businesses falling into arrears, particularly encouraging people to make contact when they are getting into difficulty so that alternative payment arrangements can be made to help them and to minimise the likelihood of debt write off. Further options, for example, SMS texting, are being explored in this respect.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 This report was requested by the Audit & Standards Committee on the 27 October 2020.

5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 None.

6. CONCLUSION

6.1 All actions and recommendations from the report have been considered and built into the Debt Recovery Project and will be acted upon, notwithstanding the current impact of the pandemic on services. The Committee is asked to note the report.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

7.1 There are no direct financial implications arising from this report, as the implementation of the audit recommendations are anticipated to be met within existing resources. The Covid-19 pandemic has affected debt recovery processes, but in the future it is hoped that the processes detailed in the report will lead to improved collection and, ultimately, lower write-off of debt.

Finance Officer Consulted: Peter Francis

Date: 4/2/21

Legal Implications:

7.2 There are no legal implications arising from the update report.

Lawyer Consulted: Elizabeth Culbert

Date: 040221

Equalities Implications:

7.3 There are no direct equalities implications.

Sustainability Implications:

7.4 There are no direct sustainability implications.

Brexit Implications:

7.5 There are no direct Brexit implications

Any Other Significant Implications:

7.6 There are no other significant implications

SUPPORTING DOCUMENTATION

Appendices:

1. Progress on Actions in the 2019/20 Internal Audit Report on Debtors
2. Overview of the Debt Recovery Project

Background Documents

1. 2019/20 Internal Audit Report on Debtors