



RUNNYMEDE BOROUGH COUNCIL

STANDARDS AND AUDIT COMMITTEE

14 SEPTEMBER 2004

APPENDICES

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Runnymede Borough Council

STANDARDS AND AUDIT COMMITTEE

15 July 2004 at 7.15 p.m.

Members of the Committee present: Councillors P.A. Greenwood, Ms R.E. Haylor, A.P. Tollett, and Dr. R.F. Miller (Independent Member)

Members of the Committee absent: Councillors Mrs L.M. Gillham, Ms C.M. Simmons and Mrs C.M. Spurling (Independent Member)

ELECTION OF CHAIRMAN

RESOLVED that -

Councillor Ms C. M. Simmons be Chairman of the Committee for the Municipal Year 2004/2005.

ELECTION OF VICE-CHAIRMAN

RESOLVED that -

Councillor A.P. Tollett be Vice-Chairman of the Committee for the Municipal Year 2004/2005.

MINUTES

The Minutes of the meeting of the Committee held on 17 February 2004 were confirmed and signed as a correct record.

APOLOGIES FOR ABSENCE

Apologies were received from Councillor Ms C.M. Simmons.

HEARINGS SUB-COMMITTEE - APPOINTMENT OF

The Committee agreed that the whole Committee should sit as the Hearings Sub-Committee. In accordance with previously agreed practice, the Sub-Committee would be chaired by one of the Independent Members to ensure impartiality.

RESOLVED that -

a Hearings Sub-Committee be appointed comprising the full membership of the Standards and Audit Committee.

Chairman

(The meeting ended at 7.18 p.m.)

Internal Audit Performance		
Area	Target	Actual Performance
Cost	To deliver the audit services within the budget.	The actual costs (£109,019) were approximately 18.5% lower than the original budget (£133,900).
Productivity	To maintain productivity split of at least 66% chargeable and/or productive audit work.	Internal Audit working days for 2003/04 were analysed as follows: overheads (training etc) 25% directly chargeable and consultancy 75% Previous year's results were 28% and 71% respectively (02/03) and 35% and 65% (01/02).
Complaints	Any complaints received are resolved within 5 days.	No complaints were received in the year for the section.
Audit recommendations	To obtain officers agreement to at least 90% of the recommendations made.	A total of 126 recommendations were made during 2003/2004. Officers agreed 93.7% (118) of these.
Audit Commission review	To receive a favourable commentary in the annual management letter.	The only comment in the Audit Commission's annual letter for 2002/03 related to the significant level of staff turnover and absence, which had impacted on Internal Audit's ability to deliver the audit plan. (The 03/04 letter will be presented to the Corporate Management Committee in November.)
Consultancy	To respond to requests for advice from officers within a set timescale.	55 requests for advice were received in the year. All were answered within the agreed timescale.
Time	New indicator resulting from Best Value review. Target - to issue 90% of draft reports within 10 working days from completion of the audit.	Average time taken from completion of audit to issuing draft report: <ul style="list-style-type: none"> • 4 working days for in house team • 4 working days for temporary member of staff Reports issued within target time: 93% (in house) 100% (temp) Information relating to PPS-ACIT was not collected in 03/04. Targets and statistical information are currently being discussed with the contractor.

Audit opinion definitions

Audit Opinion

The opinion stated in the audit report provides management with a brief objective assessment of the current and expected level of control over the subject audited. The overall opinion is a statement of the audit view of whether the objective is being met; it is not a statement of fact. The opinion should be independent of local circumstances but should draw attention to any such problems to present a rounded picture.

Opinion	Definitions	No. of reports for 2003/2004 with this opinion
GOOD	Due to the soundness of the system in operation and/or to the quality of management, controls are better than would normally be expected. Consequently the risk of serious loss or error is very small.	5
SATISFACTORY	Having carried out all the investigations planned, it is concluded that there is adequate assurance that controls are operating.	5
SATISFACTORY EXCEPT FOR	Overall there is a fair degree of assurance in the objective being achieved. Although a weakness/weaknesses in some significant area has/have been identified that require correction, this is not serious enough to render the whole unsatisfactory.	12
UNSATISFACTORY	Overall procedures are not in place or procedures are not being followed to the extent that achievement of the objective could not be assured.	3
CRITICAL	The absence of procedures or the failure to follow procedures is likely to cause serious problems. Possible consequences include material losses to the Authority, the contravention of statutory requirements or serious disruption to services. Immediate corrective action is urgently required.	0
	total	25

11. Income – Invoicing and Recovery of Debts

Notification of Income Due - Budget Managers' Duties

- 11.1 Some of the Council's income is obtained following the customer being invoiced for goods or services rendered. The arrangements for invoicing for debts due are set out in this Section.
- 11.2 All Budget Managers and their staff must ensure that debts due to the Council are referred to the Director of Finance for recovery without delay. You must provide sufficient information to allow the Director of Finance to send out accounts correctly to recover the income due.
- 11.3 Only the Council's invoicing system (the Sundry Debtor system) can be used to send invoices to external customers. You can use your own system for sending "internal invoices" only.
- 11.4 You must inform the Director of Finance of contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the Council. The Director of Finance has the right to inspect any documents or other evidence in this connection.

Sundry Debtor System

- 11.5 All invoices to external clients and organisations will be sent out from the Sundry Debtor System. The Customer Services Division of the Finance Department operates this System.
- 11.6 The Sundry Debtors system ensures that a proper tax invoice is sent to customers, that the debt is properly recorded and costed for in the Council's ledgers, and that arrangements for the receipt of monies is posted correctly. The system also enables the recovery of debts to be managed effectively.
- 11.7 You should use a "Sundry Debtors Input Form" to notify the Customer Services Division of any invoices that need sending to customers. These forms are "Controlled Stationery" (see Finance Rules 5.8 and 5.9) and are numbered to ensure that forms do not go missing (and income not collected). You can obtain a supply of these forms from the Secretary to the Director of Finance.
- 11.8 Only one pad must be in use by a Department or Division at a time to allow the Customer Services Section to check in an effective way that all Input Forms have been received. Damaged or cancelled forms must also be endorsed accordingly and passed to the Customer Services Section.
- 11.9 The Sundry Debtors Input Form has all the information we normally require to send out a correct invoice. Please attach copies of relevant papers to the form if you think that these will help in understanding the debt due.
- 11.10 You may only cancel a Sundry Debt for a good reason. Examples of reasons that are acceptable include:
- The debt was not due in the first place
 - The incorrect person was charged
 - The service in question was not provided satisfactorily
- You must inform the Customer Services Division in writing if you wish to cancel a Sundry Debt setting out your reasons in full.
- 11.11 The Sundry Debtors system also collects debts that are routinely due - called "periodic debts" – for services such as trade refuse, Care Line, allotments and so on. Please contact the Customer Services Division if you wish income to be collected in this way.

Recovery of Debts

- 11.12 The Customer Services Division will take all reasonable steps to recover amounts due to the Council. If a debt has not been paid by the due date a reminder will be sent to the customer. The precise recovery action taken will depend on the nature and type of the debt.
- 11.13 The Customer Services Division will provide Budget Managers with information on debts that have not been paid within the allotted time. Budget Managers are expected to take reasonable steps to assist in the recovery of the debt. This may include withdrawing a service (e.g. trade refuse collection) to stop further arrears build up, or providing further information about the customer.
- 11.14 If debt remains unpaid after sending a reminder, the Director of Finance will take all further reasonable steps to recover amounts due to the Council, including the appointment of Bailiffs or other collection agencies. The Director of Finance is also authorised to initiate County Court proceedings and sign the appropriate Court forms for the recovery of sundry debts.
- 11.15 Where it has not proved possible to recover a debt, despite all reasonable steps being taken, the debt will be written off as unrecoverable. The rules for the authorisation of write-offs are set out in the Financial Regulations. Normally the code that the income was originally posted to will be charged with the amount of the write off.

Documentation and Records

- 11.16 The Director of Finance has the right to inspect any documents or other evidence that relate to income due to the Council. Please keep any records that support the amount and chargeability of the debt in a safe place. This information must be retained for a minimum period of 6 years. Please notify the Customer Services Division of your intentions before you destroy any information (even after the 6 year period) to check that it is no longer required.

Inter Office Memo

To: Chief Executive Officer
All Chief Officers
All Budget Managers

From: Assistant Director of Finance (Accountancy and Payments)

Date: 10 March 2004

Subject: Sundry Debtor Invoicing

Introduction

1. On a number of recent occasions I have discovered that some Sections are sending out their own invoices to external customers for goods or services provided. This practice must cease immediately.
2. This memorandum sets out the rules for sending invoices to our customers and the steps you must now follow.
3. The Standards and Audit Committee have requested that I report the extent of this problem to their next meeting.

Financial Regulations

4. Financial Regulation 14.5 states that the Director of Finance shall be informed of all amounts due to ensure that accounts can be sent out promptly and proper records kept. I have revised the Finance Rule Book to set out clearly the procedures that all staff must follow (copy attached). In simple terms, this means that you must use the Sundry Debtor system when you need to send any external customer an invoice.
5. The Sundry Debtor system allows me to carry out my duties of recording sums due and collecting income. The system links to my other finance systems (i.e. cash office and ledger) and this enables me to ensure that proper financial controls are being exercised. Using the Sundry Debtor system also allows me to complete the Council's VAT claim form correctly.

Existing Unofficial Systems

6. If you currently have your own system to send out invoices to external customers, you must stop using it now. You can still use your system for internal billing purposes only.
7. Some of the unofficial systems may have been operating for some time. You may consider that my staff has sanctioned these unofficial systems because we have not raised concerns about them in the past. Nevertheless, you must use the Sundry Debtor system from now onwards.
8. I need to update the Council's financial records to take account of:
 - All unofficial invoices issued since 1 April 2003, and
 - All unofficial invoices raised before April 2003 that have not been paid.

I attach two forms to allow you to record this information. I would like "nil" returns (if your Department or Section has not issued any unofficial invoices) too please. Please attach a copy of the relevant invoice(s) to the schedules.

9. I have printed a number of copies of this memorandum and schedules so that you can distribute these to your Section heads as you think fit. You are welcome to send me a consolidated return for your Department or you can ask your Section Heads to complete

a return for their areas of responsibility. I must have the forms returned to me before 31 March 2004 to enable me to use the information to complete the 2003/04 accounts.

Sundry Debtor System

10. The Sundry Debtor system allows me to set in place universal procedures that provide control over the Council's debt collection and recovery activities in an effective manner. The system allows a properly designed, VAT compliant, invoice to be sent to our customers and allows receipts to be posted in a controlled and efficient way through my Cash Office. Debts that are not paid can be monitored by my Customer Services staff who will apply the correct procedures to recover the debt, including legal stages in consultation with the Legal Section as necessary.
11. The Leisure Services Section currently use the Sundry Debtors system directly to issue invoices to customers. For all other users the way to send an invoice to an external customer is to complete a Sundry Debtors Input Form and send it to my Customer Services Section. Please send sufficient information to allow my staff to prepare the invoice properly. Please contact Trish Campbell-Jackson in my Customer Services Section if you would like to consider raising invoices on-line through the Sundry Debtors system.
12. I am aware that some staff believe that the Sundry Debtor system is cumbersome and does not meet their service needs. My staff will develop the system as best they can to meet your reasonable service needs. However, for the avoidance of doubt, I repeat that you must use the Sundry Debtor system to send an invoice to external customers.

Other Income

13. There is no need for you to change your procedure where you receive payment for a service in advance (e.g. along with a booking or application form).
14. You are reminded of the need to pass any monies (cash or cheque) to my Cash Office as soon as possible. This will normally mean the same day that you receive the income.

Robert Hanger

Assistant Director of Finance (Accountancy and Payments)

Unofficial Invoices issued in the 2003/04 Financial Year

Name of Section/Department

Date of Issue (Note 1)	Sent To	Amount on the Invoice		Cost Code(s)	Payment Received		Amount Still Outstanding
		Services £	VAT £		Date (Note 2)	Reference (Note 3)	
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							

I certify that:

1. My Department/Section has issued no unofficial invoices in 2003/04.

Signed Date

OR

2. The above list shows all unofficial invoices issued by my Department/Section in 2003/04.

Signed Date

Note 1 - This is the date that you sent the invoice

Note 2 - This is the date that the debtor paid the invoice.

Note 3 - Please record the reference number of the Cash Office receipt issued or Green Sheet reference, or other reference used to pay the money in.

Please return this form with a copy of all invoices issued to the Director of Finance by 31 March 2004.

Unofficial Invoices issued before 1 April 2003 that have not yet been paid

Name of Section/Department

	Date of Issue (Note 1)	Sent To	Amount on the Invoice		Cost Code(s)	Part payments (if any)		Amount Still Outstanding
			Services £	VAT £		Date (Note 2)	Reference (Note 3)	
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								

I certify that:

1. My Department/Section has issued no unofficial invoices before 1 April 2003 that remain unpaid.

Signed Date

OR

2. The above list shows all unofficial invoices issued by my Department/Section before 1 April 2003 that remain unpaid.

Signed Date

Note 1 - This is the date that you sent the invoice

Note 2 - This is to record any part payments received.

Note 3 - Please record the reference number of the Cash Office receipt issued or Green Sheet reference, or other reference used to pay the money in.

Please return this form with a copy of all invoices issued to the Director of Finance by 31 March 2004.