

AMBER REPORT QUARTER 4 - SALES LEDGER AUDIT 11/12

1. Introduction and Scope

- 1.1 An audit review commenced October 2011 to provide an opinion on the control environment and a level of assurance for Sales Ledger system and processes and the operations of the Invoicing and Collection Team (I&C Team).

The I & C Team have faced a number of issues during the year which have impacted on the results of this audit review. These included:

- the implementation on 04/07/11 of a new sales ledger module within the new financial management system, Agresso;
 - the introduction of new ways of working to support the new system;
 - a staffing restructure during which there was a period of time when they were under resourced; and
 - although now fully staffed with new employees they are still undertaking training and becoming familiar with their roles.
- 1.2 The scope of the audit was agreed by the Revenues Service Delivery Manager.
- 1.3 Staff within Revenues & Benefits, Finance, ICT, Estates & Investments, Legal and Leisure Services all contributed to this audit review.

2 Management Summary and Overall Opinion

- 2.1 The implementation of the new financial management system (Agresso) has caused a number of errors and issues which the I & C team are aware of and are working with the Agresso Support Team to resolve. The audit work confirmed the issues identified and has not made specific recommendations on these but will follow these during the further review in June 2012.
- 2.2 During the audit the main areas of concern included arrears, refunds, payment plans, credit balances, reconciliations and system problem resolution. Many of these were already highlighted by the Invoicing & Collection team and were substantiated by the testing throughout this audit.
- 2.3 On the basis of the work carried out it is our opinion that as a high proportion of the key controls tested are not currently adequate then the level of assurance we can provide is **limited** - whilst there is basically a sound system of control, there are weaknesses in the system that leaves some risks not addressed and there is evidence of non-compliance with some key controls. There are a number of legal and/or financial regulation recommendations or recommendations concerning areas of high priority to the Council.
- 2.4 The grading of this report was discussed and agreed with the Revenues Service Delivery Manager and recommendations have been made to improve the controls found to be unsatisfactory and these are categorised as shown below.

Recommendation Category & timescale	Number	Percentage	Rec's implemented as at 27/3/12
Legal Requirement – immediate implementation	2	5%	1
Financial Regulation – immediate Implementation	1	3%	1
Policy/Procedure – implementation within a month of agreement to the report.	35	92%	4
Best Practice – implementation at a mutually agreed date	0	0	
Total	38	100%	6

2.5 As part of this audit we also followed up the implementation of recommendations made in the previous audit. The table below shows the action taken since that audit:

Recommendation Category	Implemented	Not Implemented	Superseded due to changes in system
Legal Requirement			
Financial Regulation			
Policy/Procedure	4	4	7
Best Practice			
Total	4	4 *	7

*Recommendation made again this audit

Due to the changes in the financial management system, 7 of the previous recommendations have been superseded. All new recommendations have been included in the report.

2.6 The implementation of the recommendations made in this report, those outstanding from the previous review and the rectification of issues identified by the Income & Collection Team will strengthen the controls and processes in this area.