

Accounts Receivable 2019/20

Final Internal Audit Report

Audit Plan Ref: CC1

Audit Opinion:
Limited Assurance

Date Issued: 8 July 2020

Function: Finance and Technology


Audit Sponsor: John Delgado – Head of Finance, Transactional Services

Distribution List: **Nicole Wood** – Executive Director, Finance and Technology; **Stephanie Mitchener** – Director, Finance; **John Delgado**; **Bola Odunsi** – Service Manager (Income and Assessments); **Gavin Jones** – Chief Executive; **Cllr. Finch** – Leader of the Council; **Cllr. Whitbread** – Cabinet Member for Corporate, Customer, Culture and Communities; **Barry Pryke** – External Audit; **Neil Woodcock** – Senior Finance Officer; **Jo Cook** – Senior Finance Officer; **Vicky Hotson** – Service Manager; **Mark Hibbitt** – Financial Analyst



Assurance Opinion	No	Limited	Satisfactory	Good
		X		

Number of Issues	Critical	Major	Moderate	Low
		2 But one - risk tolerated	5	

Audit Objective	Key Messages	Direction of Travel
<p>The objective of the audit was to assess whether an adequate control framework is in place to ensure debt collection activity is:</p> <ul style="list-style-type: none"> • correct • complete • authorised • valid • timely • efficient 	<p>There has been close oversight of debt management and a sustained focus on improving collection processes and outcomes, supported by senior management and Members.</p> <p>It has been acknowledged by management that throughout 2019/20 the income recovery processes have needed further improvements as in particular the current IT systems do not currently have some key functionality to provide consistent, timely and easy to produce assurance over the end-to-end debt collection process. Work was planned with Fujitsu to improve this, but given cost and resources to do so and the time until the new corporate systems are implemented, this risk will be tolerated until then.</p> <p>There is limited assurance that the ongoing collection activity needed when debts are not received by due dates is consistently happening as required by the Income Recovery and Debt Collection Strategy and such actions are being taken in the most effective and timely manner. During the year, additional and improved manual processes and reporting have been introduced to direct and oversee the performance of debt collectors but not all recommendations from last year have yet been fully implemented.</p> <p>Management information in the monthly income performance packs shows that targets for collection of Adult Social Care debt within 60 and 90 days are generally not being met (there is a good reported performance for sundry debts). But there has been progress towards reducing the overall debtor balance, particularly Adult Social Care debts during the year.</p> <p>Given the Council's wider financial pressures and need to find ongoing savings, and the value of debts, the importance and benefit of effective debt recovery action is increased.</p>	 <p>The opinion is the same as last year.</p> <p>There have been some process improvements introduced, and progress is being made to address the fundamental, system-based process limitations</p>
Scope of the Review and Limitations		
<p>The scope of the review covers the processes only to chase both Adult Social Care (ASC) and sundry debts once they are past the due date.</p> <p>This review covered the period 2019/20 to January 2020 and so was conducted prior to Covid - 19.</p> <p>The processes around deprivation of assets and deferred payments has been reviewed separately (ECC 1920 CC6) and is not in the scope of this audit.</p>		

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Major Incident Management follow up

Audit plan ref: ECC 1920 CC10

Follow up outcome:

Limited progress has been made to implement the recommendations

Follow up results:

- ***Three recommendations have been implemented***
- ***Three major recommendations are not yet fully implemented***

Date Issued: 11 May 2020

Function: Finance and Technology

Audit Sponsor: Melanie Hogger, Director, Technology Services

Distribution List:

Tracey Kelsbie, Chief Operations Officer, Technology Services; **Nicole Wood**, Executive Director, Finance and Technology (Section 151 Officer); **Gavin Jones**, Chief Executive; **Cllr. Finch**, Leader of the Council; **Cllr. Barker**, Cabinet Member for Corporate, Customer, Culture and Communities; **Barry Pryke** (external audit)



Essex County Council

1. Executive Summary

Follow up outcome				
	Critical	Major	Moderate	Low
Number of recommendations followed up	0	4	1	1
Number of recommendations implemented	-	1	1	1
Number of recommendations with further actions required	-	3	-	-

Review objective	Key Messages
<p>The Major Incident Management report issued in March 2019 gave a limited assurance opinion. This review's objective is to assess whether the six recommendations made have now been implemented effectively and are now embedded as business as usual.</p>	<p>Three of the six recommendations are judged to be now implemented and therefore the identified risks associated with those recommendations now satisfactorily managed. Two major priority recommendations are partially implemented, and the associated risks remain at major. One major priority recommendation is substantially implemented, and the associated risk is now low.</p>
<p>Scope of the review</p>	<p>When fieldwork was completed at the beginning of March 2020, it was concluded more work was needed to fully implement the major priority recommendation to ensure the major incident management process aligns with, and meets the requirements of, an updated and corporately agreed assessment of the most strategically critical technology and applications. This recommendation is therefore dependent on the wider work to refresh the council's business continuity arrangements which is in progress.</p>
<p>This review is limited in scope to following up the six recommendations made in the March 2019 report.</p> <p>As a follow up, this work did not assess the current design and or operation of all controls previously identified or present. Therefore, this follow up should not be taken as a wider assurance over the overall control environment regarding major incident management.</p>	<p>Since the Covid-19 outbreak there has been a major incident as the network has again struggled to cope with mass working from home which has impacted on the performance of a large number of critical applications, including social care systems.</p> <p>There has been an ongoing and significant major incident management response, and this has accelerated the development of temporary capability to manage this type of incident to enable priority users to access critical technology and restricting non-priority staff to applications which are accessed through the internet rather than ECC network. This is very recent, and the ongoing effectiveness of the new arrangements for all applications and all staff has not been fully assessed.</p> <p>More work is also needed to implement the major priority recommendation to improve the post-incident reporting on major incidents to provide clearer understanding and contextualise major incidents (individually and collectively) to reduce the risk or severity of incidents in future.</p>