

## Audit Findings & Management Action Plan – January 2025

Finding	Action												
<p><b><u>The council has three separate debt procedure documents. These documents have not been reviewed for over five years and do not include all necessary information.</u></b></p> <p>There are 3 different debt policies and procedures on the intranet. These are: Corporate Debt Policy, Debt Collection Policy, and Debt Collection Responsibilities.</p> <p>We reviewed these documents and found that:</p> <ul style="list-style-type: none"><li>• They have not been reviewed since June 2019.</li><li>• They have no documented owner or review frequency.</li><li>• They have not been approved by members.</li><li>• They do not make clear what debt recovery action services should take once the two automatic reminder letters have been issued. There are no defined thresholds for further actions (e.g. referral to central debt team, referral to enforcement agents or Legal team).</li><li>• They do not reflect a Financial Regulations requirement to refer any debts over 60 days old to the Director of Finance so forward action can be determined.</li><li>• They do not provide clear guidance on whether and when debts should be written off.</li><li>• They do not set out the thresholds for debts that are uneconomic to pursue.</li><li>• They do not explain how officers should handle credit balances on debtor accounts.</li><li>• They do not mention any Legal assistance that could be provided to help collect debts.</li></ul> <p>We also reviewed equivalent policies from some of our partner councils for examples of good practice. Some of these policies:</p> <ul style="list-style-type: none"><li>• Included an overview of the standard debt collection process, including defined timescales for each stage of the process.</li><li>• Included clear summaries showing whether services, Finance or senior managers are responsible for each stage of the process.</li><li>• Included information about approved exceptions to the standard process (e.g. collection of council tax or business rate debt), removing the need for local procedures. Some policies had specific policies setting out the process for different types of debt.</li><li>• Set out how the council will follow Breathing Space legislation.</li><li>• Included guidance on treatment of credit notes and credit balances.</li></ul>	<p>The council will a new Corporate Debt Recovery Policy to replace these documents.</p> <p>The new Policy will:</p> <ul style="list-style-type: none"><li>• have a recorded owner and review frequency</li><li>• clearly set out the debt collection process, with responsibilities and timescales for each stage of the process, as well as a defined stage of escalation (as per Financial Regulations)</li><li>• include a threshold and guidance on debts that are uneconomic to pursue</li><li>• clarify write-off processes and authorisation requirements</li><li>• be approved by SMB and members</li></ul> <p>Once complete, Finance will communicate the new Policy to all services.</p> <table><tr><td>Priority</td><td>1</td><td>SWAP Reference</td><td>AP#5362</td></tr><tr><td>Responsible Officer</td><td colspan="3">Income Collection Manager</td></tr><tr><td>Timescale</td><td colspan="3">1 July 2025</td></tr></table>	Priority	1	SWAP Reference	AP#5362	Responsible Officer	Income Collection Manager			Timescale	1 July 2025		
Priority	1	SWAP Reference	AP#5362										
Responsible Officer	Income Collection Manager												
Timescale	1 July 2025												

Finding	Action												
<p><b><u>The council's write-off authorisation protocols are restrictive. Current write-off guidance does not mirror the Financial Regulations or clarify where write-off requests must be sent.</u></b></p> <p>The Financial Regulations set out the following authorisation requirements for write-offs:</p> <ul style="list-style-type: none"><li>Deputy Section 151 Officer or Principal Accountant Corporate can authorise write-off of small balances (up to £50) where most of a debt has been recovered and it is too costly to pursue the balance.</li><li>The Section 151 Officer can authorise write-off of any debt that is irrecoverable because the debtor is bankrupt or in liquidation.</li><li>The Section 151 Officer, in conjunction with the Monitoring Officer and relevant Director/Corporate Manager can approve any write-off up to a limit of £500.</li><li>Any write-off request exceeding £500 must also be approved by the Portfolio Holder or other appropriate Executive Member with portfolio.</li></ul> <p>In comparison:</p> <ul style="list-style-type: none"><li>East Devon District Council allows Directors and Assistant Directors to write-off debts up to £10k without consultation.</li><li>Teignbridge District Council allows their CFO to write-off up to £10k before requiring member approval.</li><li>SWAP unitary partners (Somerset, Dorset, Herefordshire, Wiltshire) follow a range of approaches, but generally allow specified senior officers at different levels of the organisation to write-off up to £10k independently.</li></ul> <p>The Debt Collection Responsibilities document provides a brief description of the officers and members that can authorise write-offs, but it does not give a comprehensive list of the situations when a lesser level of authorisation is acceptable.</p> <p>Whilst the sundry debtor write-off form clearly states what information must be supplied, it does not state where it must be sent for the actual write-off to be processed.</p>	<p>The council will seek to amend its write-off rules to increase authorisation limits for Directors. This will require both approval by Strategic Management Board and members.</p> <p>Finance will update the Debt Collection Responsibilities document to reflect the full write-off authorisation requirements.</p> <p>Finance will update the write-off form to show that, once the necessary authorisations have been obtained, it should be sent to the Income Collection team for processing.</p> <table><tr><td>Priority</td><td>1</td><td>SWAP Reference</td><td>AP#5507</td></tr><tr><td>Responsible Officer</td><td colspan="3">Head of Service - Finance</td></tr><tr><td>Timescale</td><td colspan="3">1 September 2025</td></tr></table>	Priority	1	SWAP Reference	AP#5507	Responsible Officer	Head of Service - Finance			Timescale	1 September 2025		
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Responsible Officer	Head of Service - Finance												
Timescale	1 September 2025												

Finding	Action												
<p><b><u>There are varying levels of debt recovery activity across service areas.</u></b></p> <p>We surveyed 16 Heads of Service or their immediate reports to obtain information about how they approach debt recovery. We received 9 full responses. From this exercise we found that:</p> <ul style="list-style-type: none"><li>• 5 services do not have any designated debt recovery officers</li><li>• 5 services do not conduct debt recovery on a regular basis</li><li>• 2 services reported they lacked understanding of the procedures they should follow, after the departure of the Income Collection Officer</li><li>• 2 services reported they were unaware of the process to follow when a debtor has been made bankrupt or is in liquidation</li><li>• There are varying numbers of reminders being issued before services take the next recovery action.</li><li>• 2 services have established their own recovery procedures, but they are not documented</li><li>• While we were advised seven services maintain records of debt recovery action taken, this is not being consistently captured on ASH.</li><li>• 1 Head of Service advised they have not been notified of their service debts.</li></ul> <p>We analysed an ASH Outstanding Invoice Report generated on 24 October 2024. This shows there are 5,036 recorded debts with a total value of £3.84m. The Report includes the last date a recorded recovery action took place for each debt. We found that the average time since the last recorded debt recovery activity for the council was 973 days (2.67 years). This suggests recovery activity is irregular, or services are not recording their activity on ASH as required.</p> <p>We reviewed a sample of 15 debts to check services have followed the debt recovery procedures. We found issues on each sample which reflect the survey findings note above.</p> <p>The council is expecting to implement a new accounts receivable module in 2025. As part of implementation, ASH data will be migrated to the new system. Therefore, this is an opportune time to review and remove insignificant, longstanding, or irrecoverable debts.</p>	<p>Following review of the debt recovery policy and write-off limits, Finance will send Directors and Head of Service an Outstanding Invoice Report showing the current position for their cost centres.</p> <p>Directors and Heads of Service should then instigate a review their outstanding sundry debts and establish what debts are realistically recoverable. They should consider writing off debts where:</p> <ul style="list-style-type: none"><li>• They consider the debt to be irrecoverable</li><li>• The debtor no longer exists</li><li>• The debt falls outside of the statute of limitations of six years and there is no active instalment plan or charging order</li><li>• Most of the debt has been repaid, a small balance remains but there is no instalment plan in place</li><li>• The debt is uneconomical to further pursue and there no instalment plan is in place</li></ul> <p>Any write-offs should be approved in line with existing procedures.</p> <table><tr><td>Priority</td><td>1</td><td>SWAP Reference</td><td>AP#5541</td></tr><tr><td>Responsible Officer</td><td colspan="3">Income Collection Manager</td></tr><tr><td>Timescale</td><td colspan="3">30 September 2025</td></tr></table>	Priority	1	SWAP Reference	AP#5541	Responsible Officer	Income Collection Manager			Timescale	30 September 2025		
Priority	1	SWAP Reference	AP#5541										
Responsible Officer	Income Collection Manager												
Timescale	30 September 2025												

<b>Finding</b>	<b>Action</b>			
<p><u><b>Not all services receive monthly debt reports. The Income Collection team does not issue suppressed debt reports.</b></u></p> <p>The Income Collection team issue Outstanding Invoice Reports every month for 29 cost centres, based on a pre-existing list of recipients. However, there are 91 cost centres in Ash with active sundry debts. Therefore, there is no reporting to services for 62 cost centres. Our analysis suggests 53% of all debts are on codes for which there are no regular monitoring reports. These debts have a value of £1.131m, 29% of total debt recorded on ASH.</p> <p>The ASH system allows reporting at two higher levels than cost centre: directorate and management unit. Issuing reports at either of these levels would ensure full coverage of codes and reduce the number of reports the Income Collection team generates.</p> <p>One of the council's current debt policies states that the central team will issue suppressed debt reports. The Income Collection team told us they do not issue these reports.</p>	The Income Collection team will issue monthly sundry debt reports at directorate level.			
	These reports will also be issued to Directors and Heads of Service so they can monitor and challenge collection rates.			
	The Income Collection team should issue suppressed debt reports at the same level.			
	<b>Priority</b>	<b>2</b>	<b>SWAP Reference</b>	AP#5444
<b>Responsible Officer</b>		Income Collection Manager		
<b>Timescale</b>		1 July 2025		

<b>Finding</b>	<b>Action</b>			
<p><u><b>Legal advice or support is not readily available to assist with the collection of sundry debts.</b></u></p> <p>None of the three debt policies indicate that any Legal advice or support is available to service areas to support them with recovery.</p> <p>However, one service area told us that they are referring debts to Legal for their assistance in recovering monies owed to the council.</p>	Finance should work with the Head of Legal and Democratic Services to establish the circumstances in which it is appropriate for services to refer debt cases to Legal for support.			
	Finance should then incorporate this into the Corporate Debt Policy recommended under AP#5362.			
	Legal Services is expecting to appoint an officer whose role will be to assist services with debt recovery.			
	<b>Priority</b>	<b>2</b>	<b>SWAP Reference</b>	AP#5484
<b>Responsible Officer</b>		Income Collection Manager		
<b>Timescale</b>		1 July 2025		

Finding	Action												
<p><b><u>There is limited corporate level sundry debt reporting and no sundry debt trend analysis.</u></b></p> <p>The Senior Management Board and Executive receive a breakdown of the council’s sundry debt position through the revenue budget monitoring report. While this report provides a breakdown of total sundry debt by age, it does not show the total debt by directorate, and generally there is limited commentary to explain the position. The Income Collection team advised that they do not conduct any trend analysis of sundry debts.</p> <p>This could make it more difficult for senior management or members to provide targeted challenge, and for the council to focus its debt collection efforts in the right places.</p>	<p>The council will consider reporting the sundry debt level for each directorate to Senior Management Board (SMB) and members through the revenue budget monitoring report. If possible, the council will also include quarter-by-quarter trend analysis, and explanations for any significant increases in directorate sundry debt levels.</p> <p>This may not be possible until the new financial management system has been implemented.</p> <table><tr><td>Priority</td><td>3</td><td>SWAP Reference</td><td>AP#5449</td></tr><tr><td>Responsible Officer</td><td colspan="3">Accountancy Services Manager</td></tr><tr><td>Timescale</td><td colspan="3">31 December 2025</td></tr></table>	Priority	3	SWAP Reference	AP#5449	Responsible Officer	Accountancy Services Manager			Timescale	31 December 2025		
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Responsible Officer	Accountancy Services Manager												
Timescale	31 December 2025												
Finding	Action												
<p><b><u>There is no process to monitor the performance of enforcement agents collecting sundry debts.</u></b></p> <p>Following discussion with the Income Collection team, we found that:</p> <ul style="list-style-type: none"><li>• They do not receive any performance reports from the enforcement agents showing their performance in collecting sundry debts.</li><li>• Access to the respective portals is limited to one officer in the team.</li><li>• This officer has not been trained on how to use these portals for monitoring purposes</li><li>• The team has not seen the service level agreement with the enforcement agents, so they are unaware of the agreed levels of service.</li></ul>	<p>SWAP has sent the service level agreement to the Income Collection team.</p> <p>The Income Collection team should seek guidance from the former Income Collection Officer on how to use the system to monitor recovery action.</p> <p>The Income Collection team should also contact the enforcement agents to request portal access for additional officers.</p> <table><tr><td>Priority</td><td>3</td><td>SWAP Reference</td><td>AP#5482</td></tr><tr><td>Responsible Officer</td><td colspan="3">Income Collection Manager</td></tr><tr><td>Timescale</td><td colspan="3">1 July 2025</td></tr></table>	Priority	3	SWAP Reference	AP#5482	Responsible Officer	Income Collection Manager			Timescale	1 July 2025		
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Responsible Officer	Income Collection Manager												
Timescale	1 July 2025												

Finding	Action			
<p><b><u>Most ASH system users, including officers who receive monthly debtor reports, have not accessed ASH in the last 6 months. Three officers have duplicate accounts.</u></b></p> <p>We obtained a report of all ASH system users. This shows there are 204 active ASH accounts. Of these, 29 accounts have never been accessed, and 77 have not been accessed for over six months.</p> <p>We compared the system user list to the list of officers who receive monthly debtors reports. We found 7 of those officers do not have access to ASH. We also found that 6 of the report recipients have not logged into the system in the last 6 months.</p> <p>We also found that there are 3 officers with active duplicate accounts. This was addressed during the audit.</p>	Finance will:			
	<ul style="list-style-type: none"><li>• issue a request to Heads of Service to confirm if any officers in their areas of responsibility require ASH accounts</li><li>• review and close any accounts that have been created but never accessed</li></ul>			
	Priority	3	SWAP Reference	AP#5555
	Responsible Officer	Insurance and Systems Manager		
	Timescale	1 July 2025		