

Final Internal Audit Report June 2019 - Appendix One

Accounts Receivable 2019/20 27 June 2019

DETAILED FINDINGS – MEDIUM RISK ISSUES

3. Aged debt / Write offs

Issue

An aged debt accounts receivable report should be generated on a regular basis. Overdue debts should be investigated and chased. When it is certain that the debts are no longer recoverable or cost of recovery would outweigh the benefit, debts should be written off following appropriate review and authorisation with reference to the Council's write off policy.

Review of the debt book (including aged debt) identified the earliest transaction on the record dates back to 1989. There was no evidence that the aged debts had been reviewed regularly.

A review of the write-off report from September 2018 to March 2019, identified none of the write-offs have been actioned. Examination of a sample of six write-offs confirmed, in all instances, no record of a write off was made. Accounts reviewed were dated between 2010 and 2015.

Risk exposure

Where aged debts are not regularly reviewed and write-offs are not exercised routinely there is a risk that sundry debt book will list obsolete items. The total balance outstanding will not be reasonable.

Where accounts set for write off are not written off in a timely manner there is a risk that total receivable balance and write-off expense balance on the accounts may be incorrect.

Recommendations

Aged debt report should be generated regularly and reviewed. Following investigation accounts that are not recoverable should be set for write-off.

Accounts that are proposed/set for write off should be actioned without lengthy delay. A full audit trail of the write offs should be retained.