



Core financial system review of debtors administration

Committee Audit and Standards

Date of meeting 29 November 2019

Date of report 19 November 2019

Report by Assistant Chief Executive

1. Object of report

To advise the committee on the findings of a core financial system review of debtors administration. This engagement is included in the annual Internal Audit plan for 2019/20.

2. Background

SPT receives income from grants, requisitions, fare box, and from billing/recharging the use of services. Billing income is received by way of raising debtor accounts.

The Financial Regulations provide a control and compliance framework for debtors administration. These regulations are supplemented by procedural guidance for staff.

The objective of this engagement was to assess and evaluate the debtors system and test internal controls by undertaking an end to end review which was informed by data analytics.

This engagement tested elements of the internal controls and mitigation against SPT 22: Governance arrangements, as identified in the corporate risk register.

3. Outline of findings

Debtor account income is mostly received from other public sector organisations and transport operators, with a small percentage received from businesses and individuals.

Approximately 3,000 debtor accounts were raised in the 2018/19 financial year with a debt recovery percentage in excess of 99.95%.

Engagement testing (October 2019) identified a requirement to review and enhance procedural guidance following recent changes to the digital financial system.

There are some areas for improvement, and these areas have been addressed by two recommendations.

Finance management have agreed to implement these recommendations, which are currently being actioned.

4. Conclusions

The Audit and Assurance team has undertaken a core financial systems review of debtors administration. Two recommendations have been agreed from this engagement.

Key controls exist and are applied consistently and effectively in most areas covered in this engagement.

Sound assurance in most areas can be taken from this engagement.

5. Committee action

The committee is asked to note the contents of this report and agree that the Audit and Assurance Manager submits a follow-up report on the implementation of the recommendations to a meeting in approximately six months.

6. Consequences

Policy consequences	<i>None.</i>
Legal consequences	<i>None.</i>
Financial consequences	<i>None.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>As detailed in the report.</i>

Name Valerie Davidson

Name Gordon Maclennan

Title Assistant Chief Executive

Title Chief Executive

For further information, please contact Iain McNicol, Audit and Assurance Manager on 0141 333 3195.

**Sound assurance
in most areas**

Agreed action plan: Core financial system review of debtors administration

No.	Recommendation	Priority	Action Proposed	Lead Officer	Due date
1	<p><u>Procedural guidance</u></p> <p>Documented procedural guidance for Finance staff (and requesting officers) should be reviewed and enhanced to include arrangements for the following:</p> <ul style="list-style-type: none">• request for a new Debtor account;• any and all vetting checks required;• oversight and maintenance of standing data;• validation and addition of Debtor email accounts;• Debtor account standing data cleansing/archiving.	Low	Procedural guidance will be reviewed and adjusted accordingly.	Chief Accountant	February 2020
2	<p><u>Debtor accounts and reminder administration</u></p> <p>Finance management should examine the merit of rationalisation of debtor invoices with regards to low value, multiple account(s) and reminder(s) administration.</p>	Low	Finance management will consider the scope for rationalisation.	Chief Accountant	February 2020