



# Income and Debtors

## Peak District National Park Authority

### Internal Audit Report 2021/22

Business Unit: Finance  
Responsible Officer: Director of Corporate Services  
Service Manager: Head of Finance  
Date Issued: 27 May 2022  
Status: Final  
Reference: 69120/004

	P1	P2	P3
Actions	0	0	0
Overall Audit Opinion	Substantial Assurance		

## Summary and Overall Conclusions

### Introduction

The Peak District National Park Authority's debt management process is carried out through the use of the Exchequer Financial System. Debts are able to be monitored centrally in respect to the collection, arrears and write offs. Ensuring that the controls within the system are robust is important, since this allows the Authority to maximise the amount of debt that is collected.

As of 4<sup>th</sup> March 2022, the total debt figure stood at £28,983.64. Of this, £26,000 relates to two invoices regarding the Moors for the Future project.

Income is received for a variety of services, including car parks and concessions, visitor centres and cycle hire amongst others. For 2021/22 year to 11<sup>th</sup> March 2022 income from services as of was stated as £2,255,634.

### Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system will ensure that:

- The system is operated in accordance with Authority Financial Regulations, VAT rules and other relevant legislation and guidance;
- Debtors' transactions are correctly accounted for by the debtors system and related accounting systems;
- There are appropriate performance management arrangements in place and corporate monitoring arrangements including budget reporting / reporting to Members are in place;
- Invoices are accurately and promptly raised for goods or services provided and income is accurately credited to accounts;
- Appropriate recovery action is taken where invoices are not paid within specified timescales;
- All income is banked promptly;
- Income collection arrangements are secure.

The audit included a review of the different streams of income and write offs, and of the debt recovery process itself.

### Key Findings

The Authority's systems were found to be operating in line with their Financial Regulations and Procedures, which provides comprehensive detail of their financial processes relating to income and debt. Although a copy of Financial Regulations and Procedures dated April 2016 was presented during the audit a correct copy dated March 2021 was provided when this was questioned. The review of the income and debt recovery processes did not identify any significant weaknesses.

The authority's financial regulations state that debts should be raised within two days of the sales order to promote the effective recovery of debt. We reviewed ten sales invoices from across the 2021/22 financial year and all except two were raised within the required two days from the date of sales orders. One invoice was raised three working days after and another took four working days and there were legitimate reasons to explain delays, such as an address change query. All sales invoices in the sample requested payment to be made within 30 days and they all had appropriate backing documentation (such as sales orders).

Payments made to the authority should be promptly credited to customer accounts to ensure inappropriate debt recovery action isn't taken, the authority's process states that payments should be credited on the same day they are received. Ten payments made to the authority were reviewed and it was found five of these were credited to the Debtor accounts on the same day they were received. For the remaining five payments, they were matched within a reasonable timescale, no longer than four working days. Appropriate explanations were provided for these delays such as the Finance Assistant being on annual leave.

There are additional policies and procedures for debt recovery and write offs, which detail timescales and responsibilities and ensure compliance with relevant regulations, legislation and VAT rules. A debtors report is run weekly by the Finance Assistant and those outstanding over 30 days follow the agreed procedure of two reminder letters to the debtor at specified intervals. Evidence was provided to show that the aged debtor reports are being generated and reviewed in appropriate timescales. A sample of ten debts from the February, March and April 2022 reports was reviewed to ensure that appropriate recovery action was being taken where invoices were not paid within specified timescales. Evidence was received to confirm this, with one invoice is still outstanding from April 2018 for an amount of £65,491.50 where the debtor agreed a payment plan and the authority authorised this in accordance with their procedures and the current amount outstanding was £491.50. Another invoice was placed on hold with explanations on file.

When a debtor is sent a second letter, this outlines the referral process to Legal Services to the debtor. Debts outstanding over four months are recorded on a separate spreadsheet which enables monitoring and recording of any actions between Legal and Finance. A sample of debts referred to legal was also reviewed and all of them without exception were found to be processed in line with procedures.

During the 2021/22 financial year, the authority did not have any write-offs. It was also found that the Head of Finance was holding regular internal meetings to monitor budgets and a committee report was sent in February 2022 which updated members.

Income collection arrangements centrally were reviewed, weekly and monthly reconciliation reports from November 2021 to January 2022 were found to be completed by the Finance Assistant and authorised by the Head of Finance, within an appropriate timescale. All those in the sample were found to balance and any identified issues had been resolved.

## **Overall Conclusions**

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. Our overall opinion of the controls within the system at the time of the audit was that they provided Substantial Assurance.

## Annex 1

### Audit Opinions and Priorities for Actions

#### Audit Opinions

Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.

Our overall audit opinion is based on 4 grades of opinion, as set out below.

#### Opinion Assessment of internal control

Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

#### Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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