

Final Audit Report Nottingham City Homes Sundry Income

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1 Executive Summary

- 1.1 We have recently reviewed the effectiveness of controls operating with the sundry income system utilised by Nottingham City Homes. This review is part of the agreed annual audit plan.
- 1.2 Our review considered two high income areas and the objective was to provide assurance that all charges have been levied, calculated correctly and recovered from the company's customers.
- 1.3 We are please to report that the controls considered during our review are operating satisfactorily. One concern highlighted by our review is the failure of the Nottingham On Call Team to consider the cost of the service, compared to the income they receive. This weakness has been highlighted during the mock inspection and shall be addressed as soon as possible.

2 Introduction

- 2.1 In April 2001 Nottingham City Council commenced using the One World Accounts Receivable module for the creation, recording and recovery of sundry income. The City Council's Sundry Income Section is still responsible for the collection of debts raised by Nottingham City Homes.
- 2.2 Since the introduction of this system, Nottingham City Homes have been responsible for the creation of the debtors account and the retention of all associated documentation.

3 Scope and Approach

- 3.1 We have considered the risks associated with the system for the raising, recording and collecting of sundry income. It was agreed that the focus of the review should be to consider the existence and adequacy of key controls to address these risks.
- 3.2 This audit focused on the following key objectives:
 - To calculate all charges correctly,
 - To levy a charge for all services provided,
 - To take all necessary recovery action.
- 3.3 Because of the value of the invoices raised by Nottingham On Call Team and the Adaptations Section, these areas have focused the basis for our review.

4 Summary of Findings

4.1 Nottingham On Call Team

4.1.1 Nottingham On Call is a community alarm monitoring service. It is a service which operates 24 hours a day, 365 days a year. A monitoring and emergency response service is available to all Nottingham City Homes tenants in sheltered housing schemes and those City residents with care alarm equipment. The service is also available to other organisations such as Housing Associations and other local authorities.

4.1.2 For each customer wishing to receive the services of the Nottingham On Call Team there should be a Service Level Agreement in place. The customers are billed for the service either on an annual/monthly basis and all charges are invoiced in advance of the service.

4.1.3 A sample of 12 high value invoices was selected for testing. We found that Service Level Agreements had been raised in all cases, however, 3 were still awaiting to be signed by the customer. Reminders have since been sent out to the customers.

4.1.4 With the exception of 1 minor error, we found that all charges had been calculated correctly.

4.1.5 The Nottingham On Call Team does not currently look at the cost of the service, compared to the level of income they receive. All charges are agreed with partnerships within Nottingham City Homes, Nottingham City Council and other various user groups. We understand that during the recent mock inspection, this was highlighted as an area for improvement.

4.2 Adaptations Section

4.2.2 Nottingham City Council's Adaptations and Renewals Agency offer a service for disabled people, who need adaptations to help them remain at home. As part of ensuring best value and also complying with financial regulations, tenders are sought from a number of approved contractors, which include the Adaptations Section of Nottingham City Homes. The original tender is put together by an Estimator/Surveyor and is submitted to the City's Adaptations and Renewals Agency.

4.2.3 A sample of 11 high value invoices raised by the Adaptations Section was selected for testing. All of the invoices were traced to the original quotations and where additional work had been required, supporting documentation could be seen.

4.2.4 Our testing considered how the initial tender was valued and aimed to agree all costs to a schedule of rates and the cost of materials. We are pleased to report that no concerns were highlighted during the testing.

4.2.5 Information was also extracted from the ROCC system to ensure that all jobs had been completed at a profit. Testing showed that all jobs had been completed at a profit and no concerns were noted.

4.3 **Recovery of Outstanding Debts**

4.3.1 All invoices state that payment is to be made within 7 days of the invoice date. Following this, reminders are then sent out at 14 and 21 days from the date the invoice was due. If payment has not been received at this point, the City's Sundry Income Section have a number of options available in order to recover the outstanding amount. These include:-

- telephone chasing
- arrangement to pay (which is monitored)
- referral to a collection agency
- commencement of legal proceedings.

4.3.2 Debts are referred to an outside collection agency and Legal Services once the Sundry Income Section believe they have exhausted all means of recovery. The Sundry Income Section uses the corporate supplier Moorcrofts who are used throughout the City Council for the collection of debts. The level of debt outstanding for Nottingham City Homes which has been referred to Moorcrofts and Legal Services currently stands at:-

Moorcrofts	£513.16
Legal Services	£9179.45

4.3.3 Testing showed that all of the invoices raised had been paid, with reminders being sent out at the appropriate time.

4.3.4 We are satisfied that the system for the recovery of outstanding debts is working satisfactorily.

5 Action Plan

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
5.1 Nottingham On Call Team (Supported Housing)					
5.5.1	<p>The Nottingham On Call Team does not currently look at the cost of the service, compared to the level of income they receive. All charges are agreed with partnerships within Nottingham City Homes, Nottingham City Council and other various user groups. We understand that during the recent mock inspection, this was highlighted as an area for improvement.</p> <p><u>Risk</u> Not all costs are recovered</p>	<p>The Nottingham On Call Team should look towards producing a financial analysis for the cost of their service. This should be compared to the level of income received to ensure that all appropriate costs are recharged.</p>	Medium	<p>The overall financial costing of the services delivered is being fed into a fundamental “fit for the future” review of the service.</p> <p>This is to ensure that the service is in a position to develop successfully and maximise the opportunities that are emerging for community alarm services as they are increasingly identified both locally and nationally as a strategic and key service for older and vulnerable people.</p>	<p>Diane Burrup Susan Taylor</p> <p>September 2008</p>

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
5.5.2	<p>A sample of 12 high value invoices was selected for testing. Service Level Agreements had been raised in all cases; however, 3 were still awaiting to be signed by the customer. Reminders have since been sent out to the customer.</p> <p><u>Risk</u> Without an agreed Service Level Agreement in place, Nottingham City Homes would not have full legal powers should a breakdown in contract occur.</p>	Service Level Agreements should be chased up within a month of them being issued.	Medium	It has been identified that Nottingham On Call now requires a full time administration officer. This post has now been funded and recruitment is taking place in January 2008. This recommendation will form part of the duties of that person's role. New Service Level Agreements will be re-issued in April 2008.	Diane Burrup April 2008

Signed..... Date.....

(Service Manager or above)

Glossary of Terms

1 Categorisation of Recommendations

The recommendations within this report have been categorised by City Audit Services as:

High Priority	A fundamental weakness which presents material risk to the audited body and requires urgent attention by management.
Medium Priority	A significant weakness whose impact or frequency presents an unacceptable risk to the audited body that should be addressed by management.
Low Priority	The audited body is not exposed to any significant risk, but the recommendation merits attention.

In all cases Internal Audit will follow up implementation of the recommendations by the agreed date.