**DIRECTORATE OF AUDIT, RISK AND ASSURANCE**

**Internal Audit Service to the GLA**

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**Follow up Review of Debtors/Sundry Income Control Framework**

1. **Background**

1.1 This audit follows up the progress made towards implementing the three agreed recommendations from the audit of the Debtors/Sundry Income Control Framework that was completed in November 2014.

# Audit Assurance

**Substantial**

There is particularly effective management of key risks contributing to the achievement of business objectives.

##### 3. Key Findings

* 1. The overall control framework for Debtors/Sundry Income Control Framework has improved. Since the original review all four recommendations have been fully implemented.
  2. A reminder that details of charges should be attached to all Sales Invoice Request Forms and that requests to raise invoices are to be processed before the event or service is provided has been added to the monthly Aged Debt Report that is sent out to all GLA Business Accountants and Unit Heads.
  3. Monitoring of the time taken to process debtors invoices now takes place with the first dip sampling exercise taking place in March 2015. A sample of 10 SIRFs was tested by the Senior Finance Officer and all 10 were found to have been processed promptly, within 5 working days. The sampling exercise was reviewed by the Chief Accountant.
  4. Monitoring of the time taken to bank cheques by TfL FSC now takes place with the first bi-annual sampling exercise taking place in June 2015. A sample of five cheques was tested by the Senior Finance Officer and all five were found to have been banked promptly, within six working days.

| Ref. | Original Finding and Risk | Priority | Original Recommendation | Follow Up Finding | Further Recommendations and Management Response |
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| 7.3 | A sample of Sales Invoice Request forms were selected and checked to ensure they had been completed for all income and that the correct level of information was attached to the form, including purchase order numbers; details of the contract and the cost breakdown; and, that they were appropriately authorised. From the sample checked, 28% did not have details of the breakdown of the charges included. It should be noted that the majority of these were in one area of business that the GLA Finance Team are aware of and are preparing guidance to assist. There is a risk that invoices may be raised which do not charge appropriately for the service provided. This risk was raised in the previous Debtors internal audit report in February 2014. | 3 | Details of charges to be attached to all Sales Invoice Request Forms, with those provided without these details returned to the requestor.  **Management Response**  An email will be drafted reminding the departments of the need to attach a breakdown of charges to the SIRF.  Any SIRFs that are provided without a breakdown of costs from any business area will be required to provide one before processing.  **Target Date:**  December 2014 | **Implemented**  A reminder that details of charges should be attached to all Sales Invoice Request Forms has been added to the monthly Aged Debt Report that is sent out to all GLA Business Accountants and Unit Heads. The reminder is worded as follows:  *“Invoicing for Fees & Charges*  *When raising Sales Invoice Request Form (SIRF) requests for Filming, Room hire etc., please state how the cost was calculated with reference to the Fees and Charges Schedule”* | **None** |
| 7.4 | Financial Regulations state that Sales Invoice Requests must be raised prior to the event or service provided, and this was also checked as part of the sample in 7.3 above. Of the sample selected, 60% were not raised before the event took place. However, it should be noted that the majority of the instances in which invoices were raised after the event or service were located in two business areas. The GLA Finance Team are aware of these areas and are preparing guidance to assist in the management of this. This delay in raising invoices increases the risk of debts not being paid. This risk was raised in the previous Debtors internal audit report in February 2014. | 3 | Requests to raise an invoice to be processed before the event or service is provided and where this has not occurred, individuals to be reminded of their requirement to do this. Details to be recorded of those individuals or departments who repeatedly do not raise invoices in an appropriate timeframe and escalated appropriately to the relevant management team.  **Management Response**  Budget Holders will be reminded of the need to issue invoices in advance of the service being provided. They will be asked to cascade this information to their respective teams.  **Target Date:**  December 2014 | **Implemented**  A reminder that requests to raise invoices are to be processed before the event or service is provided has been added to the monthly Aged Debt Report that is sent out to all GLA Business Accountants and Unit Heads. The reminder is worded as follows:  *“Reminder - Financial Regulations*  *A recent internal audit concluded that a significant number of Sales Invoices are being raised after the service has been provided.*  *I have included an extract from the Financial Regulations with regard to invoicing:*  *16.1 Income in relation to the provision of goods and services must generally be invoiced for and paid prior to the delivery of goods or the provision of the service.*  *Please ensure that you adhere to the financial regulations at all times”* | **None** |
| 7.5 | Monitoring of the time taken to process debtor invoices by the GLA Finance Team should be regularly undertaken to ensure they are being raised in an appropriate timeframe. | 3 | Monitoring of the time taken to process debtor invoices by the GLA Finance Team to be regularly undertaken to ensure they are being raised in an appropriate timeframe.  **Management Response**  Dip sampling will be undertaken on a monthly basis to ensure compliance with performance targets.  **Target Date:**  December 2014 | **Implemented**  Monitoring of the time taken to process debtors invoices now takes place with the first dip sampling exercise taking place in March 2015. A sample of 10 SIRFs was tested by the Senior Finance Officer and all 10 were found to have been processed promptly, within 5 working days. The sampling exercise was reviewed by the Chief Accountant. | **None** |
| 8.4 | The GLA Finance Team undertook a review of the time it took for the FSC to bank cheques in 2013, which indicated there were often significant delays in banking cheques. Following this the FSC committed to reduce the time taken to bank cheques, but a further review has not been undertaken to establish if this has happened. There is a risk that debtors are unnecessarily chased for accounts they have settled. | 3 | Cheques to be banked promptly by the FSC and this process to be regularly reviewed by the GLA Finance Team.  **Management Response**  A sample of cheque payments received by the GLA will be selected on a bi annual basis and performance data sought from TfL FSC for the time taken to bank these.  **Target Date:**  March 2015 | **Implemented**  Monitoring of the time taken to bank cheques by TfL FSC now takes place with the first sampling exercise taking place in June 2015. A sample of five cheques was tested by the Senior Finance Officer and all five were found to have been banked promptly, within six working days. | **None** |