

Audit Assurance Opinion	Effective	Evaluated controls are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives are being met.
	Reasonable	Some specific control weaknesses were noted and some improvement is needed; evaluated controls are generally adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
	Limited	Evaluated controls are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.
	Ineffective	Evaluated controls are not adequate, appropriate, or effective. Internal Audit cannot provide reasonable assurance that risks are being managed.

Distribution List	Accountable Officers:	Chief Finance Officer and S151 Officer, L Rogers Payables, Receivables and Insurance Manager, M Wood
	For Information:	Chief Executive, C Bally Cabinet Member with responsibility for Financial Resources and Value for Money, Cllr V Landon-Morris Assistant Cabinet Member with responsibility for Financial Resources and Value for Money, Cllr T Wilson Audit and Governance Committee Ernst & Young (External Auditor)

Adequacy of Individual Control Areas

Audit Scope by Control Area	Findings with a Potential Corporate Risk Level of:			Control Adequacy
	High	Medium	Low	
Recovery Action			1	Reasonable
Authorisation				Effective
Monitoring and Reporting				Effective
OVERALL				Effective

1. Executive Summary

- 1.1 East Suffolk Council should have effective write off processes in place to ensure all recovery action has been exhausted prior to the write off of debts.
- 1.2 The objective of the audit was to evaluate the operation of controls within the write off processes, and assess their effectiveness in mitigating risks, and thus provide assurance that processes in place are adequate.
- 1.3 The overall assurance of **Effective** has been made on the basis of the control framework in place and supporting risk management, and no High or Medium level corporate risks were identified during the course of this audit.
- 1.4 One low level corporate risk was identified in relation to promptness of recovery action, which has been included in the Service and Operational Risks action plan below.

ACTION PLAN FOR SERVICE AND OPERATIONAL RISKS

All identified control weaknesses have been risk assessed, with potential High and Medium corporate risks reported in the Actions Relevant to Potential Corporate Risks above. The following action plan sets out control improvements relevant to the service area where the internal audit assessment using the corporate risk toolkit has concluded the potential corporate risk is Low. The definition of each priority level is given in the Council's Audit Framework.

1. RECOVERY ACTION					
REC No.	FINDING	RISKS AND IMPLICATIONS	AGREED ACTION	PRIORITY	MANAGEMENT ACTION
1.1	While sufficient recovery action was taken on sampled write offs to recover the debt, system notes detailing action taken were not comprehensive for 6 of the 10 sampled write offs.	If records of debt recovery are insufficient, this may result in ineffective debt recovery action and the Council failing to collect all income due.	Detailed notes of debt recovery action to be recorded on the system which will ensure that a full timeline of recovery action is held.	3	Responsibility: Payables, Receivables and Insurance Manager Target Date: 30 April 2024

2. AUTHORISATION					
REC No.	FINDING	RISKS AND IMPLICATIONS	AGREED ACTION	PRIORITY	MANAGEMENT ACTION
No service-level reportable findings relevant to this Control Area were identified					

3. MONITORING AND REPORTING					
REC No.	FINDING	RISKS AND IMPLICATIONS	AGREED ACTION	PRIORITY	MANAGEMENT ACTION
No service-level reportable findings relevant to this Control Area were identified					

2. Supporting Details

2.1 Links to Council Service Delivery

This review considered achievement of the organisation's strategic objectives and risks, specifically this audit contributes towards:

- Business Objective – To ensure all reasonable attempt to obtain income due have been made and exhausted before debts are written off.
- Our Direction 2028 Strategic Plan – Our Foundations
- Corporate Risk Register – Failure to have the right skills to meet financial challenges and ensure efficient use of Council's finances.

2.2 Scope of Internal Audit Activity

The following control areas were assessed as part of the audit:

- Recovery Action
- Authorisation
- Monitoring and Reporting

The audit assessed systems and records in place from 1 April 2022 to August 2023.

Internal Audit seeks to enhance and protect organisational value by providing risk based and objective assurance. Internal Audit assurance is a professional service focusing on functions, processes and controls. It does not replace professional advice from other key services such as the financial or legal functions. The work performed by Internal Audit provides an opportunity to make significant improvements to governance arrangements, risk management and control processes.

This audit has been undertaken as part of the Annual Audit Plan 2023/24, approved by the East Suffolk Council Audit and Governance Committee on 13 March 2023.

This audit has been conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, and the UK's current Public Sector Internal Audit Standards.

2.3 Definitions of Risk and Control

This audit uses the definition of Risk set out in the Council's Risk Management Strategy.

The definition of Control is taken from the Chartered Institute of Internal Audit:

“Any action taken by management, the board and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organises and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.”

In addition to a risk assessment using the corporate risk matrix, each agreed action is allocated a priority level for use within the service area. The allocation of each priority level is based on:

Priority 1	Findings indicate a significant control weakness that could mean objectives fundamental to the operation of the service may not be met. Urgent attention is required from strategic management.
Priority 2	Findings indicate an important control weakness could mean that objectives central to the operation of the service may not be met. Prompt management attention is required.
Priority 3	Findings indicate a control weakness that could mean service objectives may not be met. Management attention is required.
Priority 4	Findings indicate a minor control weakness that, although not essential to an effective control framework, would benefit from low-cost improvements. Any Priority 4 issues identified during the course of this audit have been reported to the relevant Service team prior to the issue of this report, and are available from the Internal Audit team upon request.

2.4 Effectively Functioning Controls

We would like to draw management attention to the controls in operation over processes and procedures that were confirmed via audit testing as operating effectively and efficiently:

- Sampled write offs were approved in accordance with the delegated authority, and segregation of duties was in place.
- Bad debts and write offs are monitored in line with requirements in the Council's Debt Management, Recovery and Write Offs Policy.

2.5 Audit Team

The audit team for this review comprised:

Audit Manager	L Fuller
Senior Auditor	S Potter
Assistant Auditor	L Maton

2.6 Acknowledgements

We would like to thank the management and staff of Payables and Receivables team contacted for their co-operation and time during the course of this audit.



This audit has been undertaken in accordance with the Internal Audit Partnership arrangements between East Suffolk Council and Ipswich Borough Council.