

## INTERNAL AUDIT REPORT

**FROM:** Audit and Risk Manager                      **SUBJECT:** Income Receipting and Document Management

**TO:** Chief Executive                                      **DATE:** 4 October 2017  
Democratic Services Manager  
Corporate Support Team  
Manager

**C.C.** Deputy Chief Executive (AJ)  
Head of Finance

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### 1 Introduction

- 1.1 In accordance with the Audit Plan for 2017/18, an examination of the above subject area has been completed recently and this report is intended to present the findings and conclusions for information and action where appropriate.
- 1.2 Wherever possible, results obtained have been discussed with the staff involved in the various procedures examined and their views are incorporated, where appropriate, in any recommendations made. My thanks are extended to all concerned for the help and co-operation received during the audit.

### 2 Background

- 2.1 This audit assignment is concerned with the activities examined in previous audits under the heading of "Document Management Centre "(DMC), with particular focus on central cash and cheque income processing. Since the most recent of those previous audits, the DMC has ceased to be a discrete service entity having been subsumed into the Corporate Support Team (CST) with wider-ranging functions.
- 2.2 The addition to the traditional DMC functions, key defined areas for which the CST is now responsible include:
- general administrative support to the Chief Executive's Office;
  - administering official complaints and information requests in accordance with the Data Protection Act 1998 and Freedom of Information Act 2000.
- 2.3 These areas are not within the scope of this examination. To determine an appropriate scope, reference was made to the service priorities for the CST as represented in the current year's Service Area Plan.

2.4 While this would continue to include cash and cheque receipting by the CST and Riverside House Reception, account has been taken of the Council's clear mission towards the demise of this function as part of the Digital Transformation agenda. With this in mind, the review of the receipting function has been comparatively 'light touch' with more emphasis on data analysis and exception testing.

### 3 **Scope and Objectives of the Audit**

3.1 The audit examination was undertaken for the purpose of reporting a level of assurance on the adequacy of structures and processes to secure economic, efficient and effective collection of income and document management support.

3.2 The examination comprised an evidential risk-based overview of structures and processes for:

- receipting and accounting for income paid directly to the Council;
- document scanning service provided by the Corporate Support Team;
- managing the corporate archive scanning project;
- facilitating the discontinuation of direct cash and cheque payments to the Council.

3.3 The audit was conducted through consultation and discussion with key contacts and examination of relevant documentation and records (including analytical review of income receipting data as appropriate). The principal contact for the audit was Janice Robbins, Corporate Support Team Manager.

### 4 **Findings**

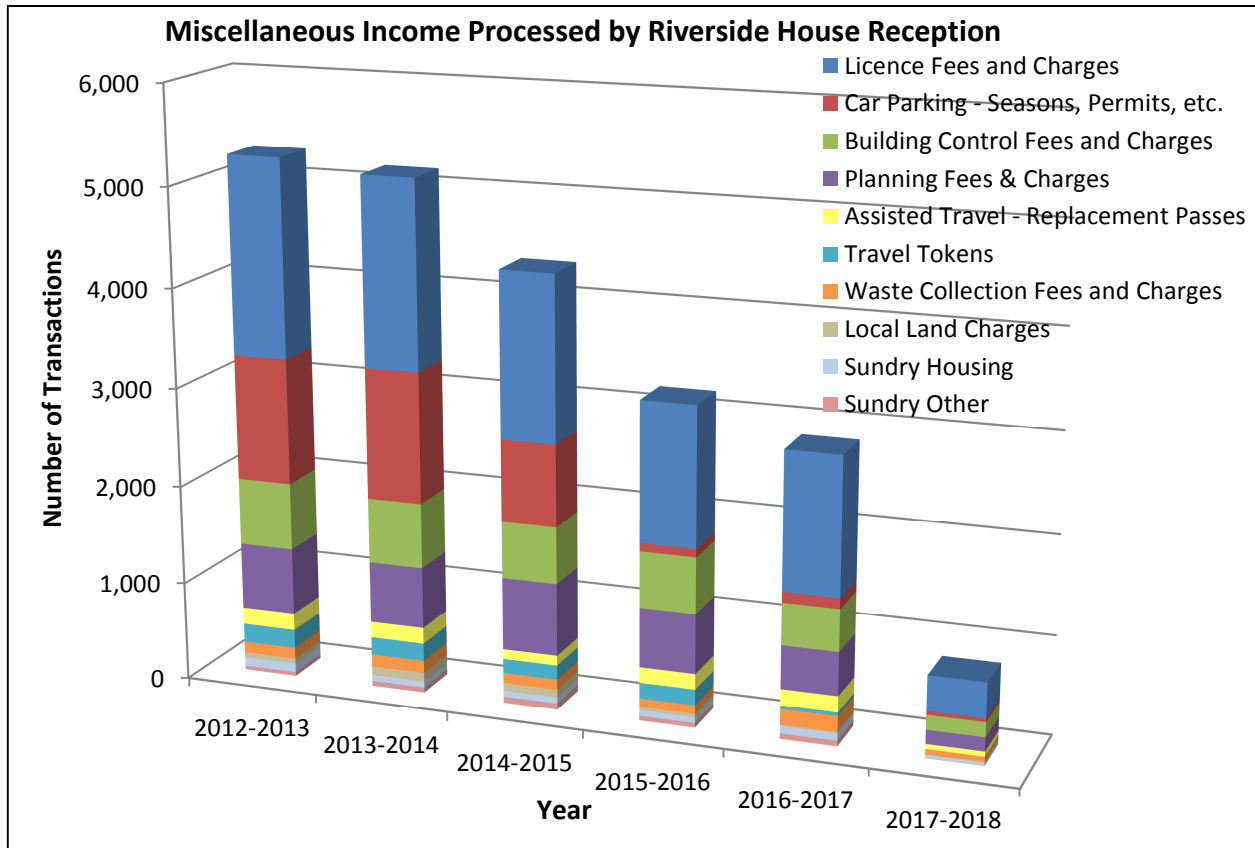
#### 4.1 **Cash Receipting and Banking**

4.1.1 Discussions with staff, observations and exception tests from the 'light touch' approach did not reveal any areas of concern in respect of receipting and banking procedures. The principal value of the data analysis was to highlight for management consideration areas where the CST and Reception are continuing to deal with excessive levels of incoming cash and cheque in the light of both current digital alternatives available and the Digital Transformation objectives.

4.1.2 It was decided that this could be best illustrated by graphical representation of trends over a five-year period. Taking the Reception first, it was clear that cash and cheques taken for the major fund categories (e.g. business rates, council tax, housing rents, debtors, etc.) are relatively insignificant, leaving only 'miscellaneous' income meriting attention here.

4.1.3 The transaction volumes are broken down by subject category in Figure 1 overleaf:

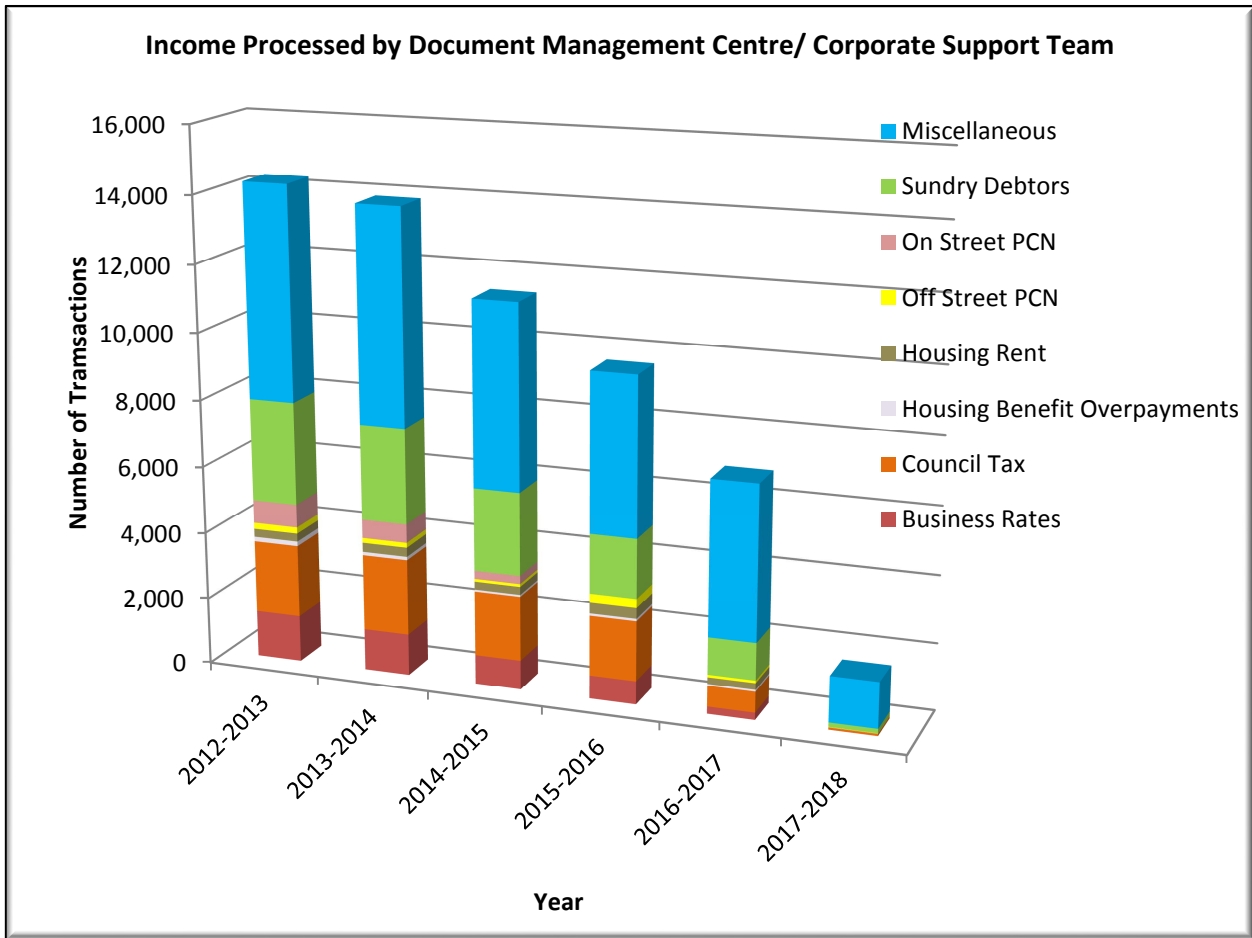
Figure 1



**Note: 2017-2018 figures relate to cumulative as at mid-July.**

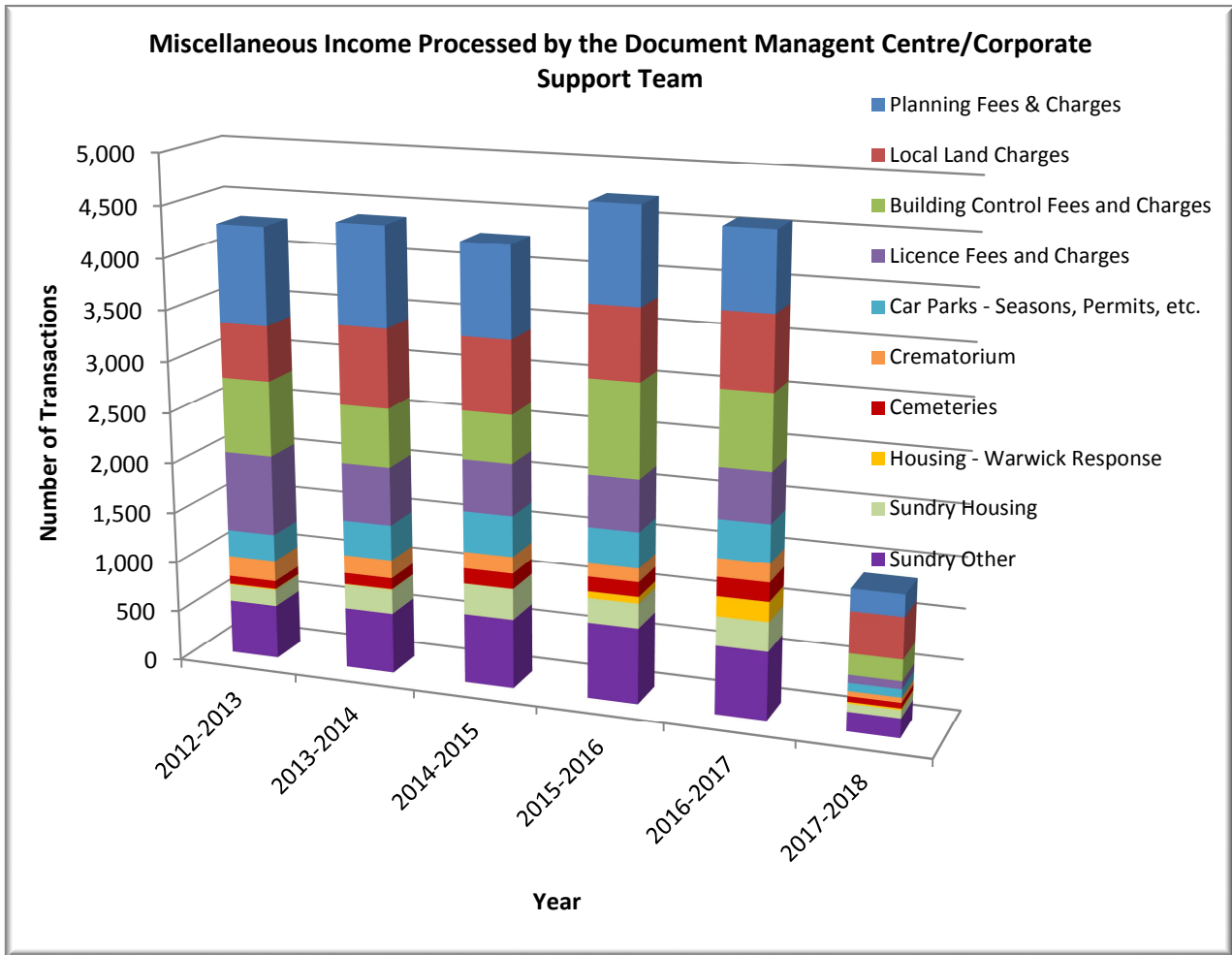
- 4.1.4 As can be seen, Licence Fees and Charges is the predominant category here - after a reduction from around 2,000 transactions in 2012-13 to around 1,400 in 2015-16, the level has remained practically stagnant since. This is despite a comprehensive the on-line card payment portal now in operation. This category also represents the vast bulk of cash taken by Reception (in excess of 80 per cent in 2016-17).
- 4.1.5 Building control and planning fees show a steady fall in volume from peaks around 2014. From Payments Sub-Group documentation, on-line card payment facilities for these (including follow-up payments for existing applications) are a relatively recent development, the impact of which may take some further time to manifest itself.
- 4.1.6 Planning Fees and Charges is the highest category in terms overall amount of income received by Reception, at £269,000 in 2016-17. This is a significantly lower sum compared with previous years mainly due to there being less of a concentration of cheques for unusually large amounts.
- 4.1.7 The reduction in car parking payments is primarily due to the transfer of on-street parking enforcement back to Warwickshire County Council.
- 4.1.8 The transaction volumes for payments received by the CST (formerly DMC) are broken down by fund in Figure 2 overleaf:

Figure 2



4.1.9 This has shown over the period a reduction in payments for sundry debtors accounts, council tax and business rates to far less significant levels leaving miscellaneous income meriting closer attention as with the Reception. Miscellaneous income transaction volumes are broken down further in Figure 3 overleaf:

Figure 3



4.1.10 As in the case of Reception receipting, building control, planning and licence fees/charges together form a large proportion of the overall transactions, although the Licensing Fees and Charges category shows signs of diminishing significantly in the current year so far (in contrast to Reception). The Local Land Charges category also represents a significant proportion and this is currently showing no signs of diminishing, although these will eventually cease as the function transfers to the Land Registry under the Infrastructure Act 2015.

4.1.11 Again Planning Fees and Charges is the highest category in terms overall amount of income received by the CST, at £485,000 in 2016-17.

## 4.2 Document Scanning

4.2.1 Document scanning continues to be an important role for the CST. Key among this is the routine scanning of post received in respect of the Revenues and Benefits functions, which are now the only services requiring the Team to scan directly to business application workflow. This is another area where Digital Transformation is making itself felt by virtue of enhanced facilities for on-line interaction coming on stream including online portals for benefits applications, notification of change of circumstances, and upload of supporting documentation.

- 4.2.2 The Corporate Support Team Manager (CSTM) advised that the Team now only does direct workflow scanning for Civica OpenRevenues. All other regular scanning goes into temporary storage folders for retrieval (and in some cases linking to business application workflow – referred to as 'dirty' workflow) by other Service Areas. These are mainly CMT, Finance, Housing Services and Health and Community Protection.
- 4.2.3 Analysis of work logs kept by the CST show a reduction in time resource required for Benefits and Revenues scanning from close to 250 officer days in the 2015-16 financial year to a current rate equating to around 150 officer days per annum. Regular scanning for other services is on a smaller scale and generally involves saving the document images in prescribed temporary folders for retrieval by non-CST staff for their respective services, in some cases for separate linking to business application data.
- 4.2.4 The reductions in time spent on Benefits and Revenues Scanning, services that provide the main volume of work, is probably attributable to enhanced facilities for on-line interaction, in particular the advent of on-line portal for benefit applications and changes of circumstances with upload of supporting documentation.
- 4.2.5 While Housing Advice is a significant recipient of the CST's scanning service, the decline in resources required is probably down to inclusion of back-scanning.
- 4.2.6 The CST is also involved with batch scanning of archive documents on request from the Service Areas, essentially stemming from Senior Management Team consideration in 2014 for a centrally managed corporate archive. This has spawned what is referred to in the Service Area Plan as a 'corporate scanning project'.

### 4.3 **Corporate Archive Project**

- 4.3.1 Contrary to the terminology used in the Services Area Plan as referred to above (Para. 2.8), enquiries made during the audit failed to produce any real evidence to justify use of the term 'project' or to indicate a 'corporately managed' approach. The impression gained from discussion and CST work log data is of a series of responsive scanning exercises undertaken as and when specific approaches are made from the Service Areas with outcomes that appear to detract from the principle of a centrally managed corporate archive, as originally proposed to the Senior Management Team.
- 4.3.2 A retention and disposal guidance document has been published as part of the CST Intranet resource, although the impression from discussions is that it is not universally referred to and initially ill-considered proposals for archive scanning have to be queried and modified.
- 4.3.2 An effective review of the corporate archiving process is not now deemed possible without separate canvassing of the Service Areas which will entail a special survey assignment outside the scope of this audit.

4.3.3 With the approval of the Audit and Risk Manager, these concerns have been raised with management with a proposal for such an assignment. Consultations on this are ongoing at the time of this report.

4.4 **Discontinuation of direct cash and cheque payments to the Council**

4.4.1 Between them, the CST and Reception Desk still process a significant volume of transactions with overall sums involved also remaining significant. In the year ended 31<sup>st</sup> March 2017, a total of around 9,050 transactions were processed to a total sum of around £4.8 million - broken down as follows:

	<u>Cash Transactions</u>		<u>Cheque Transactions</u>	
	<u>Volume</u>	<u>Total Amount (£000)</u>	<u>Volume</u>	<u>Total Amount (£000)</u>
DMC (postal)	513	74	6,150	3,956
Reception	1,538	171	1,293	590

4.4.2 An overview of documentation in respect of the Payments Project indicates the implementation of digital alternatives to be well advanced, although CST and Reception transactions volumes up to the time of the audit show no significant impact from this among the major services supported. This suggests the potential need to consider a degree of marketing aimed at drawing customers away from the traditional payment routes prior to closing them down.

4.4.3 It is noted that facilities for payment via mobile devices is in development at the time of the audit.

5 **Conclusions**

5.1 Following our review, we are able to give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of income Receipting and Document Management are appropriate and are working effectively.

5.2 The assurance bands are shown below:

<b>Level of Assurance</b>	<b>Definition</b>
Substantial Assurance	There is a sound system of control in place and compliance with the key controls.
Moderate Assurance	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited Assurance	The system of control is generally weak and there is non-compliance with controls that do exist.

6 **Management Action**

6.1 There are no recommendations arising from this audit.

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Audit and Risk Manager

