



To the Chair and Members of the Audit Committee
AUDIT COMMITTEE

INCOME MANAGEMENT PROGRESS REPORT

EXECUTIVE SUMMARY

- 1 Income Management reviews has been undertaken in key risk areas. These reviews commenced in December 2015 and since that date have resulted in:
 - Reviews having been completed in 16 key areas;
 - Corporate and service specific recommendations have been identified;
 - the identification of £296k of additional income;
 - Systems and processes have been improved to ensure that billing takes place for all goods and services
- 2 A progress report was made to Audit Committee in February 2017 and this report is being presented to the Audit Committee in October 2017.
- 3 This report has a number of improvements to income management across the council which have begun implementation. It is proposed to review Income Management improvements again by September 2018.

RECOMMENDATIONS

- 4 Audit Committee is asked to note the progress in this report and agree to the actions taken to improve income collection.

BACKGROUND

- 5 It was previously identified following the 2015 Value for Money Review, that there were potential savings within the Council in the area of Income Management and that income was not being maximised within some sections of the Council. To maximise income potential throughout the Council, it was decided that an Income Management project be established with the target of achieving £100k in additional income.
- 6 In order to achieve this target, an Income Management project plan was developed to review all major areas of the Council with the aim of identifying unbilled income. This has been resourced through the utilisation of vacancies to recruit a temporary Senior Income Management Officer within the Business Support function for Finance & Corporate Service.

WORKSTREAMS

- 7 Below is a summary of the work streams of the Income Management Project with the associated tasks for each work stream:

Work stream 1 - Income Charges (what to charge for)

- Identify current income streams.
- Identify new Income Streams.
- Assess practicality of introducing new income stream taking into account legal and policy framework.
- Develop Business case for new income streams where appropriate

Work stream 2 - How to Charge (the most effective way to charge)

- For each income stream identify current method of payment
- For each income stream assess the most efficient method of collection.
- Make recommendations to Budget Officer on most effective way of charging.

Work stream 3 - Collection and Recovery

- Compare amount collected against the total amount due.
- Analyse the methods of payment available.
- Identify where large debts remain (overdue) outstanding.
- Benchmark outstanding debt, collection days, write offs against other authorities.
- Examine remedies available for recovery of amounts outstanding.
- Provide a policy for to include when we should stop recovery process and write off debt.

Work stream 4 - Miscellaneous Income

- Introduce late payment charges

Work stream 5 - Accounting and Reconciliation

- Establish methods of recording income in each area.
- Identify any reconciliation process
- Compare actual income against budgets.
- Assess accuracy of budgets and recommend changes

8 The initial focus for the Income Management project was to review the £47.9m income from fees and charges, it does not include government grants, council tax and business rates.

INCOME MANAGEMENT PROJECT PROGRESS AND ACHIEVEMENTS

9. Having identified the major income areas, reviews commenced focussing on areas where there may be weaknesses in income management arrangements.
10. Since previous progress report additional Income Management reviews have been completed within Local Land Charges, Schools Catering, Bereavement, Car Parking/Fines, Tourism, Museums and Libraries (Appendix B). To date the project has identified over £296k of previously unbilled income and been instrumental in the collection of £146k of potential bad debts.

Actual additional income identified to date is:

UNBILLED INCOME IDENTIFIED	
Waste Management	£63,876
Licencing	£18,690
Markets Lettings	£10,568
Markets Utilities	£27,386
Schools Catering	£ 16,815
Assets & Property	£159,124
Total	£296,459

11. It should be noted that this is maximum additional achievable and is currently being compared to budget to ascertain what additional income can be budgeted for. This is mainly due to there is already a shortfall on income when compared to the budget.

FINDINGS

12. From each review a number of findings and recommendations have been identified both corporate and service specific, a summary of which are provided below. A number of reviews identified similar issues which have been classed as corporate findings:-

- No regular reconciliation – in over 50% of the reviews undertaken it was identified that there was no regular reconciliation being made between goods and services which were being provided and income which was being raised and collected;
- Unbilled Income – due to the fact that no regular reconciliations were being undertaken unbilled income to the sum of £296k was identified and invoices raised over 22 cost centres. There is potential further unbilled income in areas which have been reviewed e.g. Assets Team as only a sample of transactions have been analysed;
- Discrepancies in Income Budgets – the review of miscellaneous areas highlighted the fact that income budgets are actively being monitored as a result 31 costs centres had their income budget increased to reflect the income being received;
- Poor data quality – in over 50% of the reviews it was extremely difficult to reconcile goods and services provided to income raised and collected due to poor data quality in back office systems. Exercises have now commenced to improve the data quality;
- Payment Method of Improvement – in over 50% of the reviews it was identified that direct debit wasn't the default method of payment for recurring invoices leading to delays in receiving payment and arrears accruing. There were also a couple of areas identified which would be suitable for acceptance of payment by credit card;
- Business Process Changes – the reviews to date have identified a number business processes which need to change e.g. raising invoices promptly;
- System Integration/Development – the reviews to date have identified duplication of data entry between back office systems and E5 Accounts Receivable where there may be scope for integration between the two systems;
- Training – the reviews to date have identified the need for further training to be provided either as part of budget holder training or bespoke e.g. directorate input of direct debit mandates producing arrears reports;
- Income Management Policy – the reviews to date have highlighted the need for a Income Management Policy to raise the profile of income management as there is currently no overarching policy or guidance covering effective income management;
- E-Billing – the reviews to date have identified that the standard method of invoicing is still by post, savings could be delivered through active measures being made to introduce E-Billing across the council;
- Income Opportunity – the review of Late Payment Charges has identified that there is scope of achieve additional income (£10k) should the authority have the desire to

implement late payment charges on overdue debt

13. A number of reviews identified some service specific findings most of which involved the improvement of documentation e.g. amending the Heads of Terms documentation to include the full financial billing information, Invoicing showing individual quantity and Legal Completion Documents.

CONCLUSIONS

14. The following actions have been taken to improve income collation:-

- Regular reconciliations are being undertaken in all sections;
- A more detailed review is to be conducted in Assets and Property to identify any further missing income;;
- Direct debit is to become the default method of payment for recurring (contract) invoices;
- Business processes are due to change to ensure that invoices are raised promptly;
- Further investigations are taking place to establish if it's feasible to integrate more data between back office system and ERP Accounts Receivable;
- Debt management training is going to be provided to budget holders;
- An Income Management Policy is being developed and adopted;
- E-Billing will be considered as the default method for issuing recurring (contract) invoices;
- Late payment charges be considered for overdue debt

OPTIONS CONSIDERED

14 Not applicable – for information only

RISKS AND ASSUMPTIONS

15 At present there is a risk that all income is not being generated. With reviews taking place in individual sections, missing income is being identified and reconciliation processes are put in place. It is assumed that reconciliations will continue to be made on a regular and timely basis.

LEGAL IMPLICATIONS

16 There are no legal implications associated with this report.

FINANCIAL IMPLICATIONS

17 The financial implications are included in the main body of this report.

HUMAN RESOURCES IMPLICATIONS

18 There are no specific human resource implications associated with this report.

TECHNOLOGY IMPLICATIONS

19 There are no specific technology implications associated with this report.

EQUALITY IMPLICATIONS

20 There are no specific equality implications associated with this report.

CONSULTATION

21 There is consultation with managers at the outset, throughout and at the conclusion of individual reviews in order to ensure that the work undertaken and findings are relevant to the risks identified and are accurate.

BACKGROUND PAPERS

Not applicable

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Completed and Ongoing Income Management Reviews

APPENDIX A

Work Stream	Outcome	Expected Completion
<p>Parking Permits Reviewed and found to be very tight with controls in monitoring income to actual invoices raised. Permits are account based payable in advance and scratch cards payment is made up front either by Debit Card or Cash.</p>	<p>Implemented a new field on the Car Parking Database to incorporate Accounts Receivable customer numbers to enable quicker reconciliations.</p> <p>This has led to improved income performance</p>	<p>Complete</p>
<p>Liquor Licence/Premises Reviewed and reconciled data to ensure:</p> <ul style="list-style-type: none"> • all income was being captured; • Appropriate processes were in place to ensure that there were no delays in the collection of income. 	<p>Reconciliation has taken place between Licensing database and general ledger which identified unbilled income of £44k which has now been billed for.</p> <p>All missing invoices have now been input into the financial system so that all future income is captured.</p> <p>Accounts Receivable produce a monthly report on outstanding debtors and send to Licensing to aid debt recovery.</p>	<p>Complete</p>
<p>Metro Clean Reviewed and reconciled data to ensure:</p> <ul style="list-style-type: none"> • all income was being captured; • Appropriate processes were in place to ensure that there were no delays in the collection of income. 	<p>Review identified that reconciliation processes were already in place and all income is being collected;</p> <p>Further work to be conducted to increase electronic payments i.e. via direct debit. This will increase the speed of collection and reduce the amount of outstanding debt.</p>	<p>Complete</p>
<p>Doncaster Markets Reviewed and reconciled data to ensure:</p> <ul style="list-style-type: none"> • all income was being captured; • Appropriate processes were in place to ensure that there were no delays in the collection of income. 	<p>Full Data Cleanse on customer information is now complete.</p> <p>Processes have improved and now invoices are being produced within 5 working days having previously taken 90 working days.</p> <p>Unbilled Letting income of £20k was identified and invoices have now been raised.</p> <p>Unbilled Utility income of £90k was identified and invoices have now been raised.</p> <p>Processes have been improved and all new customers will be set up to pay by direct debit in advance. This will increase the speed of collection and reduce the amount of outstanding debt.</p>	<p>Complete</p>

	New computer system is being implemented by Digital Council, should be operational by the start of the new financial year. Once the new system is in place it will reduce manual intervention further making the markets operation more efficient.	
Registrars Cash handling process reviewed Reconciliation to be made between Registrars records and finance records to ensure: <ul style="list-style-type: none"> all income was being captured; appropriate processes are in place to ensure that there were no delays in the collection of income 	Cash handling process to continue until re-housed with Civic Building 2017 Online appointment booking system to be implemented and all payments to be taken either online or at Kiosk. This will eradicate all cash handling and increase efficiency in registrars being able to take more appointments instead of carrying out administration tasks. Digital Council are leading on this improvement.	Complete
Waste Management Internal Audit in Dec 2014 identified poor data quality and that there were no controls within the waste section to monitor income Reviewed and reconciled data to ensure: <ul style="list-style-type: none"> all income was being captured; appropriate processes were in place to ensure that there were no delays in the collection of income. 	Waste data is in the process of being cleansed which, when completed, may result in further income being generated. Unbilled income of £36k has so far been identified which has now been billed for	Complete
Bad Debt Provisions Reviewed bad debt provisions for 2016/17.	Quarterly monitoring of bad debt provision making sure maximising collection of outstanding debt. £98k bad debt has been collected for financial year end 2016/17	Complete
Town Centre-Alfresco License Reviewed data supplied to make sure capturing all income. <ul style="list-style-type: none"> All income has been identified. Correct process in place to ensure no delays in the collection of income All customer details are accurate to enable billing 	Review identified that reconciliation processes were already in place and all data is now being cleansed with correct customer details. All customers that have not paid are now set up on ERP system to enable Accounts Receivable to actively chase. Section has actioned invoices being raised and pro-actively seeking correct billing information. Section to develop process on what action to take on removal of table and chairs if customer does not pay license fee.	Complete

<p>Asset and Property</p> <p>Reviewed and reconciled data to ensure:</p> <ul style="list-style-type: none"> • all income was being captured; • Correct process in place to ensure no delays in the collection of income • All customer details are accurate to enable billing • All documentation is completed with the correct information. 	<p>There has been no Internal Audit done on Income generated from Commercial Tenancies.</p> <p>Poor Data Quality from Assets which could not be reconciled to E5 system. Assets are now cleansing all data to show correct information.</p> <p>Manual reconciliation on a sample of 1100 customers line by line identified potential discrepancies in income and charges.</p> <p>Unbilled income of £31k has so far been identified which has now been billed.</p> <p>Head of Terms Document to instruct Legal section to commence with contract shown limited information. This has now been adapted to show full Billing Details.</p> <p>Completion Document from Legal shown very little billing information, this has now been adapted to show correct information for setting up E5 Customer Accounts.</p> <p>Identified that there was no payment clause shown specific within the Contract. Clause has now been drafted and is awaiting approval to implement in all contracts.</p> <p>There is no reconciliation process within Assets & Property and at present cannot be completely accurate until the Data Cleanse is completed.</p>	<p>Complete</p>
<p>Local Land Charges</p> <p>Reviewed and reconciled data to ensure:</p> <ul style="list-style-type: none"> • All income has been identified. • Correct process in place to ensure no delays in the collection of income • All customer details are accurate to enable billing 	<p>There has been no Internal Audit done on Income generated from Local Land Charges.</p> <p>Poor Data Quality from this area could not be reconciled to E5 system. This is due to be completed by 01/04/2018.</p> <p>Identified that there is no reconciliation process within Enforcement at present to make sure all income is being generated. With the data being unreliable cannot be completely accurate until the Data Cleanse is completed.</p> <p>Identified no process in place notifying Accounts Receivable of Land Charge invoices and no process in place notifying Land Registry of a charge being removed. This is now being developed to enable clear accurate information is up to date on the Land Registry.</p> <p>Processes are being developed to enable</p>	<p>Complete</p>

	<p>Enforcement to potentially collect payment on the pending Land Charge before legal proceedings.</p> <p>No annual review on Land Registry for charges imposed calculating interest. Recommended that Interest be added annually and recorded to reduce loss of income.</p>	
<p>Schools Catering Reviewed and reconciled data to ensure:</p> <ul style="list-style-type: none"> • All income has been identified. • Correct process in place to ensure no delays in the collection of income • All customer details are accurate to enable billing • Savings • Potential increase in income 	<p>Review identified that reconciliation processes were already in place and all income is being generated;</p> <p>However the data that is held within Schools Catering is accurate and controlled on a weekly basis manually. There is potential to develop this into a more automated service by introducing e-billing with all forms being received by email and indexed to EDM.</p> <p>It has been identified that this section could become “Cash Less” with potential savings of £26k.</p> <p>Further work to be conducted to increase electronic payments i.e. via direct debit. This will increase the speed of collection and reduce the amount of outstanding debt.</p> <p>It was confirmed that there is potential to increase income of which a Staff Menu has now gone into all schools to encourage teachers to use Schools Catering’s Facilities.</p>	<p>Complete</p>
<p>Bereavement Reviewed and reconciled data to ensure:</p> <ul style="list-style-type: none"> • All income has been identified. • Correct process in place to ensure no delays in the collection of income • All customer details are accurate to enable billing 	<p>Bereavement data is unreliable and cannot be reconciled. It has been confirmed that no reconciliation has taken place.</p> <p>The data supplied by Bereavement was unreliable and proved problematic when trying to identify sample Customers.</p> <p>Out of 25 Customers only 9 could be confirmed as correct with all income being generated.</p> <p>There is no process in place to make sure there is no delays in collection of income, some of the E5 Account Customers the details were incomplete</p> <p>It was identified through the 9 identified accounts that Direct Debits were not in place, it has been recommended that Bereavement and Accounts Receivable pro-actively try to convert existing customers, with new customers automatically set up for Direct Debit.</p>	<p>Complete</p>

	<p>It was identified that there was delays in invoices being raised, but have had assurances that this will be rectified by 30/08/2017.</p>	
<p>Car Parking/Fines Internal Audit completed on 22nd June 2017. Identified that there was discrepancies within the Cash Collection to banking.</p> <p>Reviewed and found that a Project is now being actioned to become “Cashless”</p> <p>This area links into Staff Car Parking recommendations from March 2016</p> <p>Taking all recommendations forward from March 2016 review within this project to become totally “Cashless”</p>	<p>Confirmed that discrepancies are not investigated.</p> <p>Identified that supplier contracts are due to expire in line with the “Cashless” project completing by 01/04/2018. This is allowing the section to receive tenders etc</p> <p>Trial taking place at present on two car parks using the Ringo App facilities. This reduces all manual intervention. This mini project will be evaluated to see if this will work and completed by 31/03/2018.</p> <p>Implementation for becoming “Cashless” within this whole area is set to complete by 01/07/2018.</p> <p>This will lead to improved time efficiencies and increase Customer Service performance. It will also reduce the Council’s Carbon Footprint.</p>	Complete
<p>Tourist Information-Cash Reviewed and reconciled data to ensure:</p> <ul style="list-style-type: none"> • Identify potential income stream • All Cash income has been collected through the till. • Correct reconciliation process in place to ensure all income collected is accurate to the Cash Book. • All daily banking of monies is reconciled. • Safe Activity Log is kept up to date and accurate 	<p>Internal Audit was completed in Dec 2015 showing several recommendations. Recommendation that more online facilities be developed to increase income. Stage 1 is under way by increasing online promotions.</p> <p>Confirmed that all cash/debit card payments through the till are now reconciled on a daily basis with two signatures required on the Declaration/Cash Sheet/Till Reading etc.</p> <p>Processes are in place with further weekly reconciliations and spot checked by Senior Management to make sure no discrepancies.</p> <p>Identified that the till takings held in the safe can be there for two weeks as Security Plus collect the cash takings on a fortnightly basis. Possible authorised personnel could bank weekly reducing the cost incurred from Security Plus. Will speed up the process of receiving income quicker into Bank Account.</p> <p>Identified that the Safe needs further security by introducing a further Activity Log Book for Markets Section who also have access to the safe.</p>	Complete
<p>Museums-Cash Reviewed and reconciled data to ensure:</p> <ul style="list-style-type: none"> • All Cash income has 	<p>There has been no Internal Audit in this Area at present. Not a priority as procedures and controls in place.</p>	Complete

<p>been collected through the till.</p> <ul style="list-style-type: none"> • Correct reconciliation process in place to ensure all income collected is accurate to the Cash Book. • All daily banking of monies is reconciled. • Safe Activity Log is kept up to date and accurate 	<p>Confirmed that all income is being collection and registered through the tills.</p> <p>Confirmed that there are daily and weekly reconciliations with all documents being signed by two members of staff</p> <p>Identified that there is no Activity Log for the safe. It has been recommended to introduce and Activity Log and will be implemented.</p>	
<p>Libraries-Cash Reviewed and reconciled data to ensure:</p> <ul style="list-style-type: none"> • All Cash income has been collected through the till. • Correct reconciliation process in place to ensure all income collected is accurate to the Cash Book. • All daily banking of monies is reconciled. • Safe Activity Log is kept up to date and accurate 	<p>There has been no Internal Audit in this Area at present. Not a priority as procedures and controls in place.</p> <p>Recommended Income Budgets require re-alignment to actual income.</p> <p>Confirmed that all income is being collected and registered through the tills.</p> <p>Confirmed that there are daily and weekly reconciliations with all documents being signed by two members of staff</p> <p>Identified that there is no Activity Log for the safe. It has been recommended to introduce and Activity Log and will be implemented.</p>	<p>Complete</p>
<p>Highways-Development Reviewed and reconciled data to ensure:</p> <ul style="list-style-type: none"> • all income was being captured; • Correct process in place to ensure no delays in the collection of income • All customer details are accurate to enable billing • All documentation is completed with the correct information. • 	<p>There has been no internal Audit in this Area at present.</p>	