

Appendix 1: INTERNAL AUDIT DRAFT TERMS OF REFERENCE

Accounts Receivable (Care services)2012/13

BACKGROUND

Surrey County Council (SCC) provides a number of care services to its residents. The details of the services provided and their users are held in various systems within the Council. Using this information, some or all of the cost of providing these services is charged to the recipient of the services by raising invoices on a regular basis. The staff responsible for the financial assessment of service users transferred from the Shared Service Centre to Adult Social Care in April 2012.

The Accounts Receivable (AR) Team carries out the function of raising invoices based on information provided by Adult Social Care, receiving and recording the income in County's financial ledger, SAP. In addition, AR, in conjunction with the frontline services, undertake the debt management function whereby outstanding debts are followed up and recovered or recommended for write-off through the appropriate channels. Overall the annual debt raised for care services via AR is in the region of £48m and as such is classified as a key financial system.

PURPOSE OF THE AUDIT

The audit will ascertain whether the flow of information within the County's systems is operating with adequate controls to enable the end-to-end processes within the Accounts Receivable function to operate satisfactorily. This will include ensuring that the following procedures are being completed correctly, in a timely manner, and evidenced adequately in the Council's financial ledger:

- arrangements for raising invoices to customers, collecting and recording the income
- debt recovery procedures
- monitoring levels of arrears and ensuring that there is proper authorisation of the write-off of debts
- the correct operation of interfaces between SWIFT/ABACUS and the Accounts Receivable module in SAP

WORK TO BE UNDERTAKEN

Discussions will be held with officers responsible for the Accounts receivable function in order to establish and document the system in operation. Procedure notes will be reviewed and testing will seek to confirm that these procedures are being followed. A sample of transactions will be tested to provide assurance that the key controls in place are operating effectively.

As part of SCC's response to the 'Fighting Fraud Locally' initiative, the audit will also consider the results of a self assessment exercise where teams will be asked to consider how controls minimise specific fraud risk hazards..

OUTCOMES

The findings of this review will form a report to Surrey County Council management, with an overall audit opinion on the effectiveness of systems in place and recommendations for improvement if required. Subject to the availability of resources, and the agreement of the auditee, the audit will also seek to obtain an overview of arrangements in place for:

- Data quality and security;
- Equality and diversity;
- Value for Money;
- Business continuity, and
- Risk management.

The outcome of any work undertaken will be used to inform our future audit planning processes and also contribute to an overall opinion on the adequacy of arrangements across the Council in these areas.

REPORTING ARRANGEMENTS

Auditor:
Supervisor: Diane Mackay
Reporting to: Paul Osborne/Toni Carney
Audit Ref: KF7 / 2012/13