

Unallocated cash balances

1. Summary

- 1.1 Officers have identified approximately £360k of unallocated cash balances in the Council sales ledger, which has resulted in the Council raising the necessary sales invoices in 2020/21 to clear these balances.

2. Key issues

- 2.1 There are a number of factors that have impacted on this issue.
- 2.2 There has been no formal external audit for four years, we were close to finalising the value for money audit, however, KPMG are now taking a little more time to consider their options.
- 2.3 In March 2020, the COVID-19 pandemic, new ways of working and key changes of staff meant that the review of unallocated cash, was not prioritised as the emphasis was on raising invoices and collecting cash, as seen by the strong collection rates for rental income, Business Rates and Council Tax.
- 2.4 In the Spring of 2021, officers carried out a review of all outstanding sales ledger balances and discovered a large unallocated cash receipt, dating back to December 2019, which had been banked and the sales invoice was not raised, which would have cleared the cash balance and improved outturn for 2019/20.
- 2.5 Officers carried out an extensive internal and external investigations to ensure that this cash was legitimately the Council's and after 9 months work, they raised the invoice for this and a few other unallocated cash balances, generating over £360k of revenue.
- 2.6 In the Revenue Outturn monitoring report for 2021/22 officers recommend that this Committee approve that this money is transferred to an earmarked reserve to assist with funding the forecast shortfall in net expenditure caused by the Cost of Living crisis in 2022/23.

3. Financial implications

- 3.1 Officers have considered the circumstances the led up to these issues being unresolved for twelve months or more and as mentioned in section two above there were a number of factors that caused this issue.
- 3.2 There were no financial implications from a cash flow perspective as the sales cash had been received and fully utilised by the Treasury Management team.
- 3.3 The responsibility for ensuring that this does not occur again, resides with the Corporate Debt Group who meet on a monthly basis to review the sales ledger for SBC, CIL and KGE.