



## AUDIT COMMITTEE REPORT

<b>Report Title</b>	<b>Bank Reconciliation Project Review Update</b>
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**AGENDA STATUS: PUBLIC**

<b>Audit Committee Meeting Date:</b>	2 <sup>nd</sup> June 2009
<b>Policy Document:</b>	No
<b>Directorate:</b>	Finance & Support
<b>Accountable Cabinet Member:</b>	Councillor Malcolm Mildren

### 1. Purpose

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1.1 This report provides an overview of the re-engineering of the Council's Bank reconciliation system, the processes and procedures introduced to address the audit recommendations and an update on progress as requested by Audit Committee.

### 2. Recommendations

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2.1 To note this report and the external consultants report attached.

### 3. Issues and Choices

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#### 3.1 Report Background

3.1.1 The Audit Committee has requested a report on the progress to implement the recommendations from the Internal Audit Report on Bank Reconciliations October 2008 which gave no assurance on controls. This report follows an initial update report that went to the 2<sup>nd</sup> December 2008 Audit committee

3.1.2 The Audit report placed no assurance in the system reporting design and operation control weaknesses. In arriving at this conclusion the auditors took into account the limited progress, due to complexity of associated systems, made during 2007/08 in relation to the accurate and timely preparation of the Bank Reconciliations and the implementation of a new system for preparing Bank reconciliations.

3.1.3 The consultants ERP Systems Accountants Report, (attached at Appendix A), outlines the processes involved in the review, addresses the Internal Audit report risks and recommendations and reports on current status of the project.

3.1.4 The project has been run in parallel with the Customer Payments Methods project and has involved significant support from project staff to ensure that both projects are successful.

## **3.2 Bank Reconciliation New Process delivery**

3.2.1 Audit committee are asked to note that the embedding of the new processes is key over the next six months to ensure that the Council has regular bank reconciliations and key control account reconciliations carried out in a timely manner and that unreconciled items are identified and addressed early.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

4.1.1 Not applicable.

### **4.2 Resources and Risk**

4.2.1 The bank reconciliation system is crucial to the security of Council's income and fundamental to the good governance of public funds. It is essential that key processes and procedures introduced are maintained to mitigate any potential risk of irregularities and/or fraud.

4.2.2 The changes introduced need to be adhered to and managed closely to ensure that they are embedded and that new processes are followed and challenged with a view to ensuring continuous improvement.

4.2.3 Internal and external communication due to the changes in banking arrangements continue to be vital to the success of the project to limit the impact on the customer.

### **4.3 Legal**

4.3.1 None

### **4.4 Equality**

4.4.1 Not applicable.

### **4.5 Consultees (Internal and External)**

4.5.1 None

## 4.6 Other Implications

4.6.1 Use of Resources score for Statement of Accounts, Customer Payments Methods project, Income section working methods.

## 5. Background Papers

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5.1 Internal Audit Report Bank reconciliation Review Report no. 7 08

5.2 External Auditors KPMG report

5.3 ERP Systems Accountants Bank Reconciliation Project Review Report.  
(Appendix 1)

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