

Recommendations from Statement of Accounts Memorandum (to go to Audit Committee 29th Jan 2015)

- R1 A thorough quality control review process needs to be introduced, which includes procedures to evidence this review, to improve the quality of the draft account presented for audit
- R2 All staff involved in the production of the Statement of Accounts should review the errors corrected in this year's accounts and put in place procedures to avoid the errors being made again in 2014-15. As a minimum, this should include:-
- (a) The exclusion of internal transactions from the accounts
 - (b) The removal of 'trading accounts' which do not meet the definition of the CIPFA Code
 - (c) The correct posting of internal recharges so to ensure that in Note 27, recharges in income and expenditure balance to zero
- R3 The accounts should be reviewed against the requirements of the Code and changes made as appropriate. As a minimum this should include:-
- (a) The use of the appropriate service headings in the Comprehensive Income and Expenditure Account as set out in SERCOP
 - (b) The Property Plant and Equipment Note should follow the format as required in the Code
 - (c) In addition to the bandings showing the cost of Termination Benefits, the Council should disclose the number of individual receiving these benefits in the relevant bandings
- More disclosures should be made of provisions showing the timing of likely future payments
- R4 A review should be undertaken to identify why there remains differences in the bank reconciliation. Monthly reconciliations should also be reinstated
- R5 Controls over school bank balances need to improve.
- (a) Monthly 'bank reconciliation' returns from schools should be amended to provide evidence of the reconciliation and the timing of the returns needs to be synchronised to the closing down of the period so to avoid any timing differences
 - (b) Responsibility for the three petty cash bank accounts for primary schools should be identified and reconciled on a regular basis
- Regular reconciliations of SIMS to the ledger needs to be introduced
- R6 Responsibility for reconciling the Northgate system to the ledger for HB payments should be assigned and checks undertaken to ensure that the reconciliation is being undertaken
- R7 Improvements need to be made to the IT control environment around the main accounting system:-
- (a) Third party access to the system should be time limited
 - (b) An alternative off site back location should be considered
 - (c) Generic administrator accounts should be replaced with accounts for individual administrators
 - (d) New user request forms should specifically set out the levels of access required
 - (e) The number of user roles should be rationalised to specific groups
 - (f) Password reset procedures should be standardised with security questions asked

- R8 The log of repeated user lockouts should be reviewed to identify any potential threats
Improvements need to be made to the IT control environment around the Northgate iWorld system:-
(a) Generic administrator accounts should be replaced with accounts for individual administrators
New user requests and user deletions should be formally documented
- R9 Improvements need to be made to the IT control environment around the Fixed Asset Register system.
(a) The settings for the complexity and life of passwords should be reviewed
New user requests and user deletions should be formally documented
- R10 Procedures should be put in place to ensure that all assets are correctly classified. Specifically:-
(a) Buildings that are only being held for rental income or capital appreciation should be reclassified as invest
(b) When assets under construction are completed, they are transferred to the appropriate class of asset.
Further work is needed with the software supplier to ensure that the uploading tool in the FAR works correctly and that procedures should be put in place to ensure that the upload works correctly.
- R11
- R12 Senior management should be reminded of the need to complete the related party returns, including nil returns, in good time for the completion of the draft Statement of Accounts
- R13 We need to agree a timetable to ensure that all Pooled Budgets are audited as required in the legislation before next year's Statement of Accounts audit is completed
- R14 The quality and quantity of budget monitoring information should be improved to enhance decision making. The Council should consider:
(a) setting 'trigger' points to ensure that all significant variances are adequately explained;
(b) including action plans in the reports detailing how the variances will be addressed in order to the achieve the year end forecast position; and
(c) clarifying the process for monitoring and reporting reserves and ensure it is consistently applied.
The Council should review the budget reports produced for the Cabinet to ensure there is adequate information to enable informed decisions. Consideration should be given to producing the actual income/expenditure position for any given reporting month as well as Forecast position and for providing more detailed explanations of variances which set out the underlying reasons for the variances.
- R15
- R16 The Council should provide detailed working papers which clearly show how the WGA return reconciles to the Statement of Accounts
- R17 The Council should ensure that significant balances and transactions with other bodies within the WGA boundary are identified and correctly recorded in the WGA return

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Responsibilities and Actions