

Follow up report – Audit Sub-Committee

December 2006

Type: System

SUBJECT: Bank Reconciliation

Date: August 2006

Introduction

There were two recommendations included in this report within the high-risk category. The following details progress on implementing them.

Recommendations

High/Significant risk recommendations – two high-risk recommendations

Bank reconciliation procedure - In previous times the main bank reconciliation, cheque reconciliation and cash book maintenance were undertaken separately, at present one person undertakes all three functions, this is a control weakness. Maintaining the cash book, completing the records, reconciling the bank accounts and undertaking banking processes does not demonstrate good control.

Recommendations:

- a. **Introduce more separation of duties into the bank reconciliation process. Category – high**

Update - the accountancy section is to undertake a number of functions and these are presently being transferred.

- b. **The cash book should be independently maintained from the bank reconciliation process. Category – high**

Update – reconciliation of the cash book to the ledger is now being undertaken during the year.

The above recommendations also appear in the Main Accounting Audit, as the bank reconciliation process is the ultimate control over the ledger.

System Control assessment**Update**

Introducing any element of separation into the bank reconciliation process will improve control. Significant progress has been made in reconciling the cash book to the ledger. The two books of account have been reconciled up to September 2006 and this is the first time since the introduction of Agresso FMS that this exercise has been undertaken prior to the year-end. The measures being introduced are in line with the management's action plan.