

**Follow up report – Audit Sub-Committee**

February 2007

Type: System    **SUBJECT: Main Accounting System**    Date: July 2006**Introduction**

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

**Recommendations**

High/Significant risk recommendations – There were five high-risk recommendations that affect the Main Accounting system. Two are dealt with by the Bank Reconciliation audit and progress on the remaining three is detailed here.

**Controlling the ledger** – the ledger does not have a source reconciliation routine and so entirely relies on the bank reconciliation process. It was hoped, with the introduction of the Agresso FMS, this key control over the ledger could be established. At present the bank reconciliation is therefore the only method of confirming the integrity of the Authority's ledger.

Whilst the ledger, over the last two years, has been in the main complete, this has not been confirmed until late in the closedown process. In this respect there exists a significant risk if the bank reconciliation is not completed timely. In addition problems with the ledger and cash book not agreeing have exacerbated the issue.

**Recommendation:**

- a. **Ensure bank reconciliation is up to date. Category – high**

***Update – progress continues to be made in this area with the January 2007 reconciliation being completed.***

- b. **Implement a ledger source input reconciliation as a matter of urgency. Category – high**

***Update – the inclusion of such a reconciliation requires system amendments and therefore this is to be included in an Agresso development programme. A development programme is being established as part of a post implementation review of the Agresso product.***

**Ledger/Cash Book reconciliation** - The reconciliation between the ledger and the cash book identified a number of amounts entered into the ledger correcting over/under receipted/paid amounts. In bookkeeping terms these entries have placed the cashbook out of line with the ledger cash account.

**Recommendation:**

**Appropriate amendments should be made. Category – high**

***Update- all amendments have been made***

**System Control assessment**

***Update***

***Further improvements in control have been made, the measures being introduced are in line with the management's action plan.***