

Type: System

SUBJECT: Creditors

Date: November 2006

Introduction

In 2005/06 expenditure of almost £24million (33,280 payments) was processed by the Creditors section via cheque and BACS (Bankers' Automated Clearing System) using the *Agresso* financial management system. A further £100million (101 payments) was processed via CHAPS (Clearing House Automated Payments System); these payments generally related to the Authority's activity in the Money Market.

Scope and Coverage

The 2006/07 audit review was undertaken using the systems-based auditing approach, identifying the system and controls, evaluating and testing in relation to the system objectives.

All documentation has been updated as appropriate. Findings, conclusions and recommendations have been discussed with Management prior to being included in a formal report or memorandum.

This year's testing encompassed the expected key controls, as agreed with the External Auditor, together with general observations and examination of the system. Functions examined included invoice administration, segregation of duties, cheque despatch, cheque stock reconciliation, Cash Book / Ledger reconciliation, payment by BACS and CHAPS, compliance with the Authority's Purchasing Code of Practice and security of the computer system.

Recommendations

High/Significant risk recommendations - none

Four recommendations were made, all of which were either medium or low risk. All have been agreed and Management is implementing them.

System Control assessment

The Creditors system operates with a high degree of internal control but, although no major weaknesses were found within the testing, the procedure for invoice submission is not being thoroughly applied and, by its inherent nature, needs to be constantly addressed.