

# Internal Audit Report

## Joint General Ledger 2023/24

Draft report: 10 May 2024

Final report: 21 June 2024

Last audited: February 2023 (Satisfactory assurance opinion)

**Audit Objective** To provide assurance on the effectiveness of controls over reconciliations, system access and amendments, and monitoring of suspense accounts.

Assurance Opinion		Number of Actions				Key Risks Reviewed
		Priority	Joint	South	Vale	Reference
<b>Substantial</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Priority 1	0	0	0	-
		Priority 2	1	0	0	2
		Priority 3	2	0	0	1 and 3
		<b>Total</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>Appendix 1</b>

**Key Risks Reviewed**

- Bank reconciliations are not regularly performed, authorised, and documented.
- Irregular review and investigation of suspense account balances.
- System access is inadequately controlled leading to inappropriate access and rights.
- System access is irregularly reviewed and managed.

The audit scope included:

Objective	Audit Scope
1 Bank account and balance sheet reconciliations	<ul style="list-style-type: none"> <li>• Reconciliations of individual bank accounts and balance sheet accounts are performed, authorised, and fully documented.</li> </ul>
2 Suspense accounts	<ul style="list-style-type: none"> <li>• Suspense account items are promptly investigated, cleared and the process is fully documented.</li> </ul>
3 Amendments to standing data	<ul style="list-style-type: none"> <li>• Amendments to standing data are authorised and controlled.</li> </ul>
4 System access	<ul style="list-style-type: none"> <li>• System access is regularly reviewed and managed</li> </ul>

Key Findings		Objective	Audit Scope															
1	Bank account and balance sheet reconciliations	<ul style="list-style-type: none"> <li>Bank account reconciliations are performed the following month and there is sufficient audit trail to support the figures on the reconciliations.</li> <li>Bank and balance sheet reconciliations are not being performed within 10 days of the month end, a deadline specified by ex Capita terms.</li> <li>The preparer dates and signs the reconciliation once completed.</li> <li>Except for one account, we found that completed reconciliations are not reviewed by another officer.</li> <li>February 2024 bank reconciliations were all outstanding as of 19th March. As of 24<sup>th</sup> April, March bank reconciliations were all still outstanding.</li> <li>There are imbalances which have not been followed up, for example, South a variance of £31 for July Barclays CT and NNDR payment and -£37,320 May Barclays sundry debt. For Vale there is a net difference of £1,978 for the May reconciliation for Barclays sundry debt.</li> <li>We tested 10 (5 South and 5 Vale) bank reconciliations and seven (4 South and 3 Vale) contained opening balance differences relating to 2021 - these should be corrected.</li> <li>We reviewed a selection of balance sheet reconciliations which highlighted that although accounts are reconciled frequently, there is no secondary review to ensure variances are investigated and resolved. The same variances often recur every month.</li> </ul>																
2	Suspense accounts	<ul style="list-style-type: none"> <li>At the time of the audit, 8 April 2024, reports were run and the following balances were noted:</li> </ul> <table border="1"> <thead> <tr> <th colspan="4">As of 31 March 2024</th> </tr> <tr> <th>Description</th> <th>Account</th> <th>Vale</th> <th>South</th> </tr> </thead> <tbody> <tr> <td>Error Account</td> <td>9999</td> <td>44,258</td> <td>14,672</td> </tr> <tr> <td>Cash income suspense</td> <td>B9001</td> <td>-818,885</td> <td>-6,234</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>The number of transactions entering the suspense accounts at 30 May are 350 transactions for Vale and 5,010 transactions for South. This is considered a high number of transactions given that a large number of entries have been cleared.</li> <li>Analysis of the Suspense Account at 30 May, for Vale, showed 147 entries relating to 41 Abingdon, The Square, clients deposit 48 and 187 entries relating to various descriptions. For South, this showed 81 entries relating to BX..., 75 relating to Axa/BUPA and 201 entries relating to various descriptions. The number of entries under these categories suggest the transactions are not being coded correctly. This could be due to a number of reasons including miscoding by service staff, transactions not being routed to the correct account or PAY360 errors not being highlighted and directed to the systems team to review.</li> <li>The Accountancy team intend to clear these balances in readiness for the statement of accounts.</li> <li>Regular review of the suspense accounts should be initiated to enable items to be more easily identified and corrected. This should be regularly reported to senior finance staff.</li> <li>Testing of the cash input sheets highlighted a difference for Vale on 15 February of £59. All other nine days reconciled.</li> </ul>	As of 31 March 2024				Description	Account	Vale	South	Error Account	9999	44,258	14,672	Cash income suspense	B9001	-818,885	-6,234
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Description	Account	Vale	South															
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3	Amendments to standing data	<ul style="list-style-type: none"> <li>Amendments to standing data is appropriately controlled with access given to staff to undertake their duties.</li> <li>The addition of new account codes and cost centres are also appropriately managed with forms completed providing an audit trail.</li> </ul>																
Page 64	System access	<ul style="list-style-type: none"> <li>The process for providing access to Unit4 to new staff has not changed. A new user request form is completed by the member of staff and emailed to system administrator who will then arrange access.</li> <li>The form does not require manager authorisation unless the starter has approval status. The form is open to interpretation and should be redesigned to make it clearer where signatures are required.</li> </ul>																