

ABERDEEN CITY COUNCIL

COMMITTEE	Audit and Risk
DATE	19 January 2010
REPORT BY:	City Chamberlain
TITLE OF REPORT	Bank Reconciliation Progress Report
REPORT NUMBER:	CG/09/148

1. **PURPOSE OF REPORT**

- 1.1 To update Committee, as instructed, on progress to date in relation to the Bank Reconciliation process and also the implementation of the Automatic Bank Reconciliation Module.

2. **RECOMMENDATION(S)**

- 2.1 It is recommended that the Committee:
- a) note the current positive progress on maintaining the bank reconciliations and on the implementation of the automated bank reconciliation system.

3. **FINANCIAL IMPLICATIONS**

- 3.1 The costs of the bank reconciliations team are met from existing budgets in 2009/10 including additional budget allocated from the Corporate Investment Fund.
- 3.2 It is expected that with the successful delivery of the module it will provide the opportunity to review the structure and composition of the team that is currently undertaking the bank reconciliation work and may result in reduced costs going forward.

4. **SERVICE & COMMUNITY IMPACT**

- 4.1 The impact on Services is to engage in the redesign and implementation of new business processes that are required to make the changes that will then support the successful delivery of the automated bank reconciliation module.
- 4.2 This will require different levels of commitment from different Services however it is a critical element in shaping the way the Council organises

itself in this area. It will be vital that resources are made available to support the agreed changes.

5. **OTHER IMPLICATIONS**

- 5.1 The bank reconciliation is a key control and as such it is important to maintain the 'up to date' position reached in order to ensure that transactions are properly and appropriately recorded and accounted for on a timely basis.
- 5.2 Attention is on maintaining the reconciliations and identifying where improvements can be made to the audit trail, management information and the processes that generate the various transactions on the ledger and bank statements.
- 5.3 There continues to be input from across the Services and changes have been effected to business processes during the course of this financial year.
- 5.4 Accommodation for the team is currently at Summerhill Centre and this will be reviewed as availability and resource requirements are reassessed.

6. **REPORT**

Background

- 6.1 The team involved in the bank reconciliation process currently comprises 3 full time and 2 part time staff.
- 6.2 In addition a project manager has been taken on to manage the implementation of the automated bank reconciliation module with costs being met from the Corporate Investment Fund.
- 6.3 There are other costs associated with the full implementation of the module, for example ICT costs associated with interface changes and supplier consultation all of which are subject to review as the project proceeds.

Progress

- 6.4 This report follows on from the update provided to the Audit and Risk Committee at its meeting of 3 December 2009.
- 6.5 Since then there continues to be positive progress in relation to the bank reconciliation, with continuing timely and robust clearance of items from the reconciliation ensuring that it is up to date within agreed timescales.
- 6.6 As at the time of writing the November reconciliation is partially completed. Although there are no underlying issues in completing the reconciliation, annual leave and some turnover have led to a delay in the process. It is envisaged that the reconciliation will be completed in mid January.

- 6.7 The continuation of this manual process remains fundamental for the automated bank reconciliation process as it requires an up to date starting position. This will therefore be a priority for the team on their return to work in January.
- 6.8 The Debtors bank account reconciliation continues to be maintained on a daily basis.

Automated Bank Reconciliation Module
Activity since last report:

- 6.9 This has included
- Training in relation to the use of Excel spreadsheets for income returns for all schools catering facilities.
 - System configuration undertaken by Council staff to start the set up of the following Bank Accounts:
 - Rent Direct Debit
 - Council Tax Direct Debit
 - Non Domestic Rates Direct Debit
 - Council Tax Refunds
 - The General (Principal Bank Account)
 - This is in addition to the two Standing Order accounts for Council Tax and Rents previously reported.
 - Council staff have also configured and successfully tested electronic file import interfaces for Department of Work and Pensions and Sheriff Officer Data. This will eliminate the need for manual input of this information in the future.
 - Daily reconciliation of the Debtors bank account.

Next Steps:

- 6.10 Some of the next key stages of the process involve the following tasks and achieving the target timeline of full implementation by 31 March 2010.
- Continue to roll out training and support to users of e-returns to move processing of miscellaneous income to one common platform; 7 Training sessions covering approximately 100 members of staff have been scheduled to take place during January.
 - Continue testing all income Bank Accounts
 - Configure test system for Creditors Account.
 - Progress the 'file import/export' requirements;
 - Continue to review and adapt the project plan.
- 6.11 The project continues to run well and it is expected that the key dates will continue to be met through early engagement with the key stakeholders and ensuring that the framework for managing and controlling the project is in place. Go-live on the General bank account reconciliation remains scheduled for the beginning of February 2009

6.12 The Automated Bank Reconciliation Project Board continues to maintain overall responsibility for direction and management of the various strands of the project throughout the implementation period.

7. **AUTHORISED SIGNATURE**

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9. **BACKGROUND PAPERS**

None