

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Audit and Risk
<b>DATE</b>	2 March 2010
<b>REPORT BY:</b>	City Chamberlain
<b>TITLE OF REPORT</b>	Bank Reconciliation Progress Report
<b>REPORT NUMBER:</b>	CG/10/044

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### 1. PURPOSE OF REPORT

- 1.1 To update Committee, as instructed, on progress to date in relation to the Bank Reconciliation process and 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 19<sup>th</sup> January 2010.
- 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 December reconciliation is completed and has been approved by the Senior Accountant.
- 6.7 The January reconciliation is underway and is expected to be completed during week three of February. This will be required in order to load the opening balances on to the Automated Bank Reconciliation Module.

- 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
- Completion of the training on the use of E-returns to all areas where income is recorded. This will eliminate the need for the completion of manual income slips and the batch processing of the same.
  - With effect from the 1<sup>st</sup> of February the reconciliation of all Income Bank Accounts is now being carried out using the Civica Icon Bank Reconciliation Module on a daily basis – this includes the main General Bank Account.
  - Until such time as the Icon interface to the General Ledger has been established for all funds some temporary procedures will be required to maintain the integrity of the system. These will be documented to ensure that adequate controls are in place.

#### **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 support to users of e-returns.
  - Establish the detailed opening balances within the Bank Reconciliation module.
  - Configure test system for Creditors Account.
  - Carry out the initial reconciliations within the Bank Reconciliation Module.
  - Document the daily processing procedures for the reconciliation of all Bank Accounts.
  - Complete the specification of the required Interfaces between the Icon income system and the General Ledger.
  - Configure Cash Office Bankings from the Civica Hosted service
  - Configure Debit and Credit card payments from the Civica Hosted Service
- 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.
- 6.12 Following the Go-Live of the General bank account the Project Manager's contract comes to an end on 26 February 2010 and this will be managed to ensure the work continues and to progress permanent solutions for temporary procedures that are presently in place (referred to at 6.9 above).

- 6.13 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.
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