

ABERDEEN CITY COUNCIL

COMMITTEE Audit and Risk

DATE 27 April 2010

REPORT BY: City Chamberlain

TITLE OF REPORT Bank Reconciliation Progress Report

REPORT NUMBER: CG/10/069

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 an automatic Bank Reconciliation process.

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 Revenue Investment Fund.
- 3.2 Having now implemented the automated bank reconciliation process the team involved with the day to day running of the systems has dropped from a temporary high of 10 people (in February 2009) to 3 people who are all permanent Council employees plus 1 temporary member of staff. The cost of additional resources is under regular review in order to maintain expenditure within the approved budget limits.
- 3.3 Savings may yet accrue from the process that now exists however it is acknowledged that any future changes will require to be planned and agreed prior to these being implemented.

4. **SERVICE & COMMUNITY IMPACT**

- 4.1 The impact on Services is that there has been a redesign of new business processes and the implementation of the e-returns (cash receipting) system across the Council (excluding sports centres and facilities) has meant a standardisation of the way in which all Services process their income.
- 4.2 The ICT and Revenues resources, from within Corporate Governance, that have been in place to support this project remain in place in order to continue the development of the system and associated processes.

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 The focus is now on maintaining the various reconciliations using the technology in place and improving the reporting arrangements.

6. **REPORT**

Background

- 6.1 The bank reconciliations were brought up to date for inclusion within the Council accounts for 2008/09 and since then have been successfully maintained.
- 6.2 During this time a project manager was taken on to manage the implementation of the automated bank reconciliation module with costs being met from the Corporate Revenue Investment Fund.
- 6.3 Following a successful pilot project that focused on one bank account the roll-out to all bank accounts commenced in October 2009 and the most complex account – the Council's General Account – went live in February 2010.

Progress

- 6.4 This report follows on from the update provided to the Audit and Risk Committee at its meeting of 2 March 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 February reconciliations are complete and signed off for the accounts that continue to have a manual reconciliation process and for those now on the automated reconciliation there are daily reconciliation routines being followed.
- 6.7 Preparation for a comprehensive year end report on the reconciliations as at 31 March 2010 has now started and will be completed as part of the year end work.
- 6.8 The progress in the last year has been considerable and the credit should be directed to those who've worked on the task daily to reach this point. The Council reconciliation processes are very much improved and the ability of staff to delivery the reconciliations in a timely manner has been simplified.
- 6.9 There has been improvement in the processing of income across the Council and this has been achieved by improving the timing and training of staff on the e-returns processing system and being able to provide enhanced support from within the bank reconciliation team.
- 6.10 The team has moved back to a central location, having been in Summerhill for over a year, and they are now located in St Nicholas House enabling a reconnection to the corporate accounting function.
- 6.11 Finally, as updated at the last meeting, the Automated Bank Reconciliation Project Board has been discontinued following its last meeting at the end of February. This is due to the project having completed its development and implementation stage and moved onto operation and maintenance.

Next Steps

- 6.12 The next steps are to continue the daily routine of reconciling the various accounts, resolving any day to day issues that arise, including the support to e-returns users.
- 6.13 There is then the regular review of processes and the system to ensure that technical improvements can continue to be made to system set up. In order to maintain this focus there remains an operational group, chaired by the Corporate Accounting Manager that meets regularly with the objective of delivering the identified improvements.

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

None