

ABERDEEN CITY COUNCIL

COMMITTEE	Audit and Risk
DATE	21 September 2010
REPORT BY:	Head of Finance
TITLE OF REPORT	Bank Reconciliation Progress Report
REPORT NUMBER:	CG/10/170

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 progress on maintaining the bank reconciliations.

3. **FINANCIAL IMPLICATIONS**

- 3.1 The costs of the bank reconciliations team are met from existing budgets in 2010/11, and while the staffing level is enhanced through the use of an employee on a temporary contract the overall costs will be managed within the total sum available for Finance.

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 Sport Aberdeen facilities) has meant a standardisation of the way in which 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.
- 5.3 In line with the approach that Finance is now adopting to service delivery the team has been included in a move to Balgownie 1 where all the Service accounting and finance staff are now located.

6. **REPORT**

Background

- 6.1 Following a turbulent period for staff in the bank reconciliations team, the data was brought up to date for inclusion within the Council accounts for 2008/09 and since then have been maintained through manual and automated processes.
- 6.2 During the latter part of 2009/10 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 8 June 2010.
- 6.5 Since then there continues to be good progress in relation to the bank reconciliation, with continuing timely and robust clearance of items from the reconciliation.
- 6.6 The daily tasks in relation to the maintenance of the automated bank reconciliation module continue to be processed by the staff in the team and there is also a manual reconciliation of the income from sports centres across the Council.
- 6.7 There have been a number of staff changes in the time since the last report, and it is pleasing to report that there is full support being provided from other areas of Finance in a bid to ensure that the right skills mix is maintained in the team for the work to be completed.
- 6.8 During the first quarter of 2010/11 internal audit undertook a review of the bank reconciliation process, and provided positive feedback in relation to some of the smaller accounts that the Council holds. The internal audit report itself is featured later on this agenda.

- 6.9 As part of the year-end audit External Audit will form a judgement on the position with the bank reconciliations and incorporate appropriate comments into their future reports. It is noted that the External Auditors will be undertaking specific work in relation to the General bank account, as this had not formed part of the internal audit.
- 6.10 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.
- 6.11 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.
- 6.6 A further progress report will be prepared for the next meeting of the Audit and Risk Committee, with a proposal that that report be the final regular report of this nature.

7. **REPORT AUTHOR DETAILS**

Jonathan Belford, Corporate Accounting Manager

jbelford@aberdeencity.gov.uk

01224 522573

8. **BACKGROUND PAPERS**

None