

TEESDALE DISTRICT COUNCIL

INTERNAL AUDIT SERVICE

INTERNAL AUDIT REPORT

REPORT ON:	Creditors
AGREED WITH:	Chris Carveth, Joanne Kellett

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Auditor:
Date Issued:

John Horsman
14/3/2008

1.0 INTRODUCTION

- 1.1 The audit examined the creditors system
- 1.2 The audit work was undertaken during December 2007 and January 2008.
- 1.3 It should be noted that the establishment of adequate control systems is the responsibility of management, and that an internal audit review is conducted on a test basis and cannot therefore review every transaction. Thus, while the implementation of internal audit recommendations can reduce risk, and may lead to the strengthening of these systems of control, responsibility for the management of these risks remains with the service manager.

2.0 EXECUTIVE SUMMARY

The audit covered the creditors system; knowledge of financial regulations, processing of purchase orders and invoices, authorisation, and BACS and cheque payments. The main problem areas are relatively minor, with knowledge of financial regulations being the main notable problem area.

OPINION

The overall audit opinion of the current systems for creditors is that they are satisfactory,

4.0 RISK ASSESSMENT OF WEAKNESSES

Finding Reference	Risk	Probability Score	Probability Commentary	Impact Score	Impact Commentary	Overall Score
3.01	Staff don't understand the required financial regulations.	4	General consensus is that the majority of people taking part in the purchasing of items aren't convincingly fully aware of the regulations.	2	Minor impact on service objectives, potential for moderate financial loss but little in the way of impact upon service capability.	8
3.03	Unauthorised personnel use the redundant account to fraudulently authorise items.	1	No precedent, unlikely to occur. There was however a week in which S. Reay remained on the authorised list after leaving the authority.	5	With no restriction on the level that may be authorised, the resultant impact could be unlimited	5
3.09	Goods are paid for without acknowledgement of receipt.	3	Payments are authorised to be processed, however in some instances, it is implied goods are confirmed as being received, the authoriser may not always be aware of this.	3	Moderate financial impact, though the authoriser will be more thorough and aware of what (s)he is authorising as the value increases.	9

5.0 ACTION PLAN

Recommendation		Ranking	See Para	Management Response	To be actioned by:	
					Name	Date
5.1	Ensure staff familiarise themselves with the financial regulations	Important	3.01	A system will be put in place to provide an update on key areas within the financial regulations and also the areas covered in the regulations.	Joanne McMahon	31 May 2008
5.2	Ensure the authorisation list kept up to date and those with undue authority are removed in a timely manner. This needs to be linked into the HR process and ICT process.	Useful	3.03, 3.13	The links between HR and ICT will be put in place	Joanne McMahon	30 April 2008
5.3	Alter the wording of the Agresso Web Services creditor system or remind authorisers, that rather than simply authorising payment, they are clear that they are responsible for the goods having been received.	Important	3.09	The email informing officers that there is something to authorise will be updated to remind managers of the responsibility to ensure goods have been received.	Chris Carveth	31 March