

TEESDALE DISTRICT COUNCIL

INTERNAL AUDIT SERVICE

INTERNAL AUDIT REPORT

REPORT ON:	General Ledger
AGREED WITH:	Head of Financial Services

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Auditor: Graham Jordan
Date Issued: 14/3/2008

1.0 INTRODUCTION

- 1.1 The audit examined the systems and procedures in place for managing the general ledger 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 most recent audit gave an opinion that the systems were satisfactory and whilst this audit concurs with that assessment, there are still areas to be addressed. That would enable the Accountancy section to achieve more through being allowed to focus on core issues. Key examples are the volume of Journals and Virements requested by budget holders and whilst, during the audit, measures have been taken to curb them there is room for those measures to be expanded.

The Introduction of the Star Chamber process will contribute to the good progress that has been made as the penultimate audit gave an opinion that the systems were weak. That report recommended the main areas of improvement were on the work carried out with budget managers and ensuring they are involved in the processes and the preparation of the final accounts. Whilst that was intended to devolve responsibility and accountability it would appear to have been the catalyst for the surge in journals and virements due to them nit-picking to the extreme in order to continually balance monthly variance reports - a happy medium must now be achieved and the recent introduction of a minimum threshold ought to contribute greatly to that.

OPINION

The overall audit opinion of the current systems for General Ledger is that they are **Good**,

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4.0 RISK ASSESSMENT OF WEAKNESSES

Finding Reference	Risk	Probability Score	Probability Commentary	Impact Score	Impact Commentary	Overall Score
3.3	Resources are not best utilised by performing unnecessary task such is minor/low value virements.	High	There appears to be a high number of virements.	Low	Some officer time is being utilised that could be used elsewhere to carry out these transactions	8
3.13	The figures within the ledger systems are not accurate due to balances not being brought forward.	High	Balances have not been brought forward from the previous year but the process is at a more advanced than in the previous year.	Very Low	Officers producing reports are aware of the balances issue and adjust reports accordingly. The effect is mainly on balance sheets cost centres which are not reported upon on a regular basis.	4

5.0 ACTION PLAN

Recommendation		Ranking	See Para	Management Response	To be actioned by:	
					Name	Date
5.1	The minimum virement level should be enforced.	Important	3.3	Agreed	Joanne McMahon	Ongoing
5.2	Whilst the balances have been brought forward earlier this year, this recommendation merely echoes accountancy's ongoing aim to bring them forward into the ledger as soon as possible following the close down of the accounts.	Useful	3.13	The balances have been brought forward earlier this year than in the past. Every effort will be made to bring forward balances earlier next year.	Joanne McMahon	31 March 2009