

## Audit Committee

5 January 2012

## Bank Account Rationalisation



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### Purpose of the Report

- 1 To provide an update on the current position of bank accounts operated by the County Council and the strategy for rationalisation.

### Background

- 2 In January 2011, it was reported to the Committee that the County Council was operating over 1,200 accounts, which were categorised as follows:
  - 750 Appointeeship Accounts
  - 450 Petty Cash Accounts
  - 26 Former District Accounts
  - 1 County Fund Account
- 3 Appointeeship accounts are opened on behalf of individuals in the care of the County where there is no family member or close friend that can act as appointee. This is a service that the Council is required to provide and therefore there are unlikely to be opportunities to rationalise these accounts.
- 4 Petty cash accounts are held by many County Council establishments providing services in communities, including almost 300 in schools. It was reported that there was a likelihood that the number of petty cash accounts would reduce significantly following a review due to take place in 2011. However, there has been no movement on this, the review of Petty Cash accounts is linked to the review of the Procure to Pay (P2P)\* Process and the introduction of different methods of dealing with the purchases currently made from Petty Cash.
- 5 \*The P2P project is a comprehensive review of the end to end process from sourcing of goods and services to procuring them, receiving them and paying for them. The aims of the review are to ensure that:
  - spend is controlled
  - the best prices are achieved
  - staff comply with the Council's procurement policy and procedures
  - the ability to pay invoices on time is improved, and
  - the technology underpinning this is 'fit for purpose'.

### **The current position**

- 6 There are now a total of 20 other bank accounts currently in operation (7 less), of which 18 are former district accounts, 1 is the County Fund Account and 1 is the recently opened Income Collection Account.
- 7 The Income Collection Account was established in March 2011 and now receives the vast majority of former district-related income (e.g. Council Tax, Non-Domestic Rates.), averaging in the region of 10,000 transactions per month.
- 8 The County Fund Account continues to operate for County receipts and payments, but during 2012/13 the income element will gradually move across to the Income Collection Account, so that the County Fund Account will eventually only handle expenditure items.

### **Former District Accounts**

- 9 A list of the 18 former district accounts is shown at Appendix 2.
- 10 As can be seen from this table the intention is to close down numbers 1 to 5 by the end of January 2012 and 6 to 11 by March 2012.
- 11 The remaining accounts (numbers 12 to 18 in the table) will continue to be operated into 2012/13. Whilst this is not ideal, there are dependencies on these accounts for which resolutions will not be fully implemented by 31 March 2012.
- 12 There are a number of factors delaying closure of these remaining accounts including payment card transaction requirements, direct debit collection protocols for leisure establishments and rent collection needs of partner bodies such as Durham City Homes and East Durham Homes.
- 13 However, it is anticipated that each of these issues can be resolved by September 2012.

### **Conclusion**

- 14 By 30 September 2012 it is anticipated that the County will have the following bank account structure in place for its main activities:

- Income Collection Account (Co-operative Bank)

The collection of all Council Tax, NDR, rent (former district income) as well as a part of the former County income that will transfer across during 2012.

- County Fund Account (Co-operative Bank)

All payments made by Durham County Council and any remaining former County income that is still to be transferred to the Income Collection Account.

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## **Appendix 1: Implications**

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**Finance**

**Staffing**

**Equality and Diversity**

**Accommodation**

**Crime and Disorder**

**Human Rights**

**Consultation**

**Procurement**

**Disability Discrimination Act**

**Legal Implications**

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**Appendix 2: Former District Bank Accounts**

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No.	Account Name	Bank	Anticipated Closure Date
1	Easington DC-Salaries & Wages	Co-operative	January 2012
2	Easington AP	Co-operative	January 2012
3	Sedgefield-SW Account	Co-operative	January 2012
4	Sedgefield-Wages and Drawing	Co-operative	January 2012
5	Teesdale Current Account	Barclays	January 2012
6	Easington DC Collection Fund	Co-operative	March 2012
7	Chester-le-Street Current	Co-operative	March 2012
8	Derwentside DC General	Co-operative	March 2012
9	Easington DC-Rent Allowance	Co-operative	March 2012
10	Sedgefield-GD Account	Co-operative	March 2012
11	Sedgefield-Salaries and Wages	Co-operative	March 2012
12	Derwentside PP	Co-operative	September 2012
13	Wear Valley PP	Co-operative	September 2012
14	Easington PP	Co-operative	September 2012
15	Easington DC General Account	Co-operative	September 2012
16	Wear Valley General	Co-operative	September 2012
17	City of Durham General	Co-operative	September 2012
18	Sedgefield General	Co-operative	September 2012