

Hinckley and Bosworth Borough Council – finance continuous auditing

Quarter 1 control testing results

September 2017

Key Controls	Control description	Tested	Q1	Q2	Q3	Q4	Control design issues identified	Operating effectiveness issues identified
Changes to Suppliers	A report is generated before the payment run which outlines all of the changes made in supplier details. The report is then reviewed.	5 weekly reports					None identified	One report had no evidence of review Two reports did not include a date of review therefore it is not possible to establish if this review is performed on a timely basis.
Bank Reconciliations	A reconciliation is performed which reconciles the external bank account to the general ledger system.	2 months from Q1					None identified	None identified
Payroll Reconciliations	A reconciliation is performed which reconciles the general ledger system to the payroll system.	2 months from Q1					None identified	The April 2017 reconciliation was performed on 27/4/17, however it was not reviewed until 18/5/17
Council Tax Reconciliations	A reconciliation is performed which reconciles the general ledger system to the Council Tax system and cashbook.	2 months from Q1					None identified	None identified
NNDR Reconciliations	A reconciliation is performed which reconciles the general ledger system to the NNDR system and cashbook.	2 months from Q1					None identified	None identified *
Housing Rent Reconciliations	A reconciliation is performed which reconciles the general ledger system to the housing rent system and cashbook.	2 months from Q1					None identified	None identified
Creditors Reconciliations	A reconciliation is performed which reconciles the general ledger system to the creditors sub ledger.	2 months from Q1					None identified	None identified *
Debtors Reconciliations	A reconciliation is performed which reconciles the general ledger system to the debtors sub ledger.	2 months from Q1					None identified	None identified *
Reconciliation sign off	A log of all reconciliations performed in the month is signed off by the Finance Manager	2 months from Q1					None identified	There are discrepancies between the dates recorded on the reconciliation sign off sheet and the actual reconciliations reviewed.
Invoice Payment	NA	All invoices paid in Q1	NA				We are working with management to obtain the appropriate reports from business objects to assess whether purchase orders have been raised before invoice payment, when appropriate.	Testing not performed

* Date of review taken from reconciliation sign off sheet to confirm timeliness.

Key	
Purple	No issues identified
Green	Minor issues identified
Amber	Some issues identified
Red	Significant issues identified

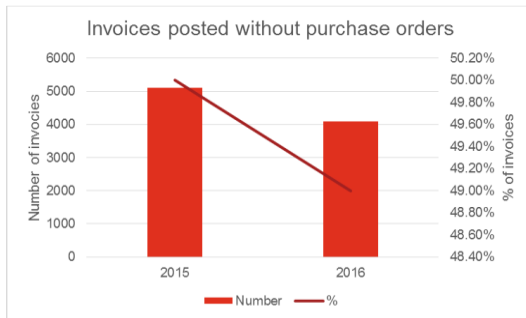
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Insight report

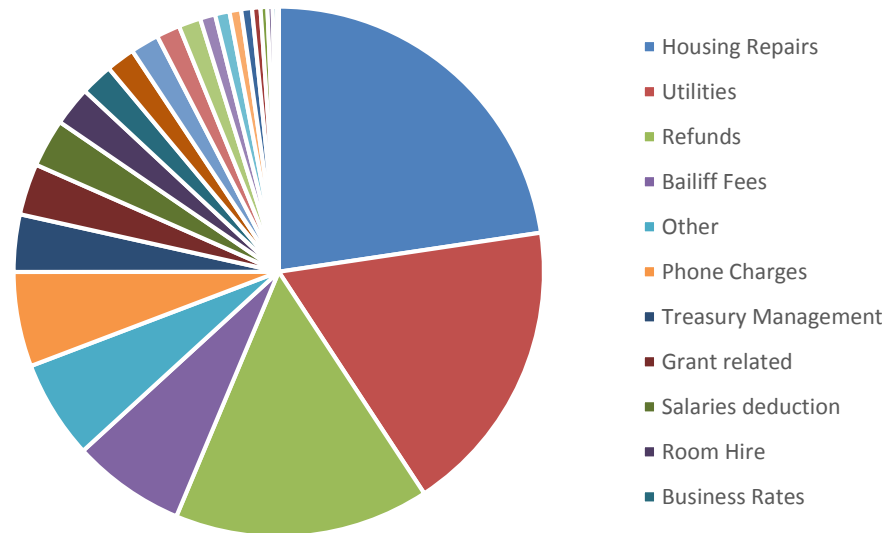
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Since we have been unable to obtain the population reports regarding purchase orders raised in the year we have not been able to perform a full data analytics exercise on the information from quarter 1.

Our prior year finance internal audit report reported from our data analysis that 4,090 invoice lines (49% of the total recorded in the period) totalling £240,802,614 were paid but did not have a purchase order recorded against them. The Council has undertaken further analysis of these invoices to determine what these invoices related to and whether it was appropriate not to have a purchase order. A summary is included below:



Invoices without purchase order - type of payment
2016-17



Top 5 types of payment without purchase orders:

Type	%	£
Housing repairs	23	1,811,589
Utilities	18	276,320
Refunds	16	8,726,344
Bailiff fees	7	36,569
Phone charges	6	1,214,791

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