

MANAGEMENT ACTION PLAN

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| Directorate: | Business Services |
| Audit report: | KF5/2013/14 - General Ledger |
| Dated: | 21 March 2014 |

PRIORITY RATINGS

Priority High (H) - major control weakness requiring immediate implementation of recommendation

Priority Medium (M) - existing procedures have a negative impact on internal control or the efficient use of resources

Priority Low (L) - recommendation represents good practice but its implementation is not fundamental to internal control

I agree to the actions below and accept overall accountability for their timely completion. I will inform Internal Audit if timescales are likely to be missed.

The auditor agrees that the actions set out below are satisfactory.

Lead Responsible Officer (HOS) Kevin Kilburn

Auditor Diane Mackay

Date 26/3/2014

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| Para Ref | Recommendation | Priority Rating | Management Action Proposed | Timescale for Action | Officer Responsible | Audit Agree? |
|----------|---|-----------------|---|----------------------|---------------------|--------------|
| 5.2.7 | The Banking Team should consider addressing the property account codes that are not currently included in the banking table in the interface routine between the HSBC Banking system and SAP. | Low Priority | Although the bank table will auto allocate directly to the Cost centre and GL this is not enough information for EPM, which is why the manual workaround was agreed. This may be addressed with the PAMS implementation however that is unclear at the present time and so will re-consider this recommendation in October. | October 2014 | Jackie Knutton | Yes |

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| 5.3.10 | The format of suspense account integrity checking should be reviewed to ensure they help staff more easily clear balances. | Medium Priority | The Finance Manager (Asset, Investment & Accounting) will discuss with the Accountant in the General Ledger Team and ensure that integrity checks on the large suspense accounts (reconciled daily by the banking team) are done monthly and that discussion are had on remaining balances. | With effect from 1 April 2014 | Nikki O'Connor (Finance Manager (Assets, Investment & Accounting)) | Yes |
| 5.3.11 | The AI & A Manager to ensure that accounting review of suspense codes is ongoing throughout the year on a scheduled basis and that there is a greater degree of compliance with the requirements of the Closure Programme on suspense accounts. | Low Priority | The Finance Manager (Asset, Investment & Accounting) will discuss with the Accountant in the General Ledger Team and ensure that integrity checks on the suspense accounts are undertaken at least quarterly and any un-cleared items are chased up with responsible officers. | For closing 2013/14 and ongoing throughout 2014/15 | Nikki O'Connor (Finance Manager (Assets, Investment & Accounting)) | Yes |
| 5.4.11 | The AI&A Manager should consider any further potential journal anomaly reports which could be developed to highlight journals that may require further review and explanations from the originator. Such reports might highlight, for example, large journals from staff to non-staff cost codes. | Low Priority | Consideration will be given to any additional controls or review of current procedures necessary, in light of any risks or patterns which may be identified by the journal statistics analysis – any changes will need to be weighed up against time resource and risk. | Review to be carried out as part of journal statistics analysis during 2014/15 | Nikki O'Connor (Finance Manager (Assets, Investment & Accounting)) | Yes |

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| 5.6.6 | Further work should be undertaken to develop the balance sheet code certification checking to ensure that independent sources of information are used to prove the completeness of balances and to help identify transactions that can be cleared. | Medium Priority | The Finance Manager (Asset, Investment & Accounting) will meet with the Accountant in the General Ledger Team to review the Balance Sheet Management Process to ensure reconciliations and backing documentation is adequate. | By end of Q1 (June) 2014/15 | Nikki O'Connor (Finance Manager (Assets, Investment & Accounting)) | Yes |
| 5.7.8 | Following further analysis to be completed during closure of accounts, the Deputy Head of Finance should consider options for an accelerated write back of a substantial proportion of any remaining GR/IR balances relating to previous years. | Medium Priority | It is anticipated that the majority of the 'aged' balance will be written off by the 31/03/14. As is already the agreed ongoing process, any balance that is over 12 months old will continue to be analysed in detail and appropriate process changes actioned as necessary. | Ongoing | Nikki O'Connor (Finance Manager (Assets, Investment & Accounting)) | Yes |
| 5.7.9 | The AI & A Team should ensure that the GR/IR auto-clearance tool is run every week. | Medium Priority | The GR/IR auto-clearing tool is scheduled to run weekly. | Actioned during Feb 2014 | Nikki O'Connor (Finance Manager (Assets, Investment & Accounting)) | Yes |
| 5.8.3 | The Closure of Accounts Programme 2014/15 should include further details on year-end routines relating to system interfaces and details of all | Low Priority | Agreed – although this document is meant to cover the year-end actions that effect the majority of finance staff and so summarised info on | For 2014/15 closing programme | Nikki O'Connor (Finance Manager (Assets, Investment & Accounting)) | Yes |

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| | significant government grants which require submission and certification where appropriate. | | interface year-end activities may be more appropriate to avoid the document becoming over technical in areas that do not affect the majority. Separate year-end procedures already exist which are specific to particular areas. | | | |
| 5.9.4 | The AI & A Team to produce an updated map of SAP GL processes and interfaces with other systems, indicating the key controls over the interface and associated GL suspense and holding codes. The map should be supplemented with some form of assurance monitoring by the AI and A Team over the appropriate operation of these interfaces. | Medium Priority | The Finance Manager (AI&A) will work with the Financial Systems and Process Improvements Manager to update the existing interfaces map and the Financial Information Systems Strategy document which should highlight key controls and monitoring. | December 2014 | Nikki O'Connor (Finance Manager (Assets, Investment & Accounting) & Darren Kerbey (Financial Systems and Process Improvements Manager) | Yes |
| 5.9.5 | AI & A team to consider if there is any common control improvement that could be considered to improve the security of data that is transferred between feeder systems and into SAP. | Medium Priority | The Financial Systems and Process Improvements Manager is already working with IMT towards automating more of the interface transactions and reducing manual intervention where possible. | December 2014 | Nikki O'Connor (Finance Manager A,I&A) & Darren Kerbey (Financial Systems & Process Improvements Manager) | Yes |