

Bank Reconciliation – Irregular Direct Debits

Internal Audit Report



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Executive Summary

Opinion

Minimal

Minimal Assurance

There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

Slough Borough Council (SBC) has banking accounts with two major high street banks namely Lloyds Bank and Santander. SBC holds about 13 bank accounts with these two banks – some accounts being for operational expenditures, some being reserved for receiving income such as rates and taxes, and other accounts being for schools. Eleven bank accounts are held with Lloyds and 2 accounts are held with Santander.

This review has focused on assessing the control environment over the bank reconciliation process. Many long outstanding reconciliation items remain which have been outstanding for up to 10 years. Some of these have been determined to be fraudulent transactions such as gym fees being debited to bank accounts that are clearly reserved for receiving SBC income.

A bank reconciliation is the process of comparing your bank statement with your own financial records to ensure they match. This is important for a number of reasons, including:

- **Identifying errors:** Bank reconciliations can help you identify errors in your own records, such as missed or double payments.
- **Detecting fraud:** Bank reconciliations can also help you detect fraudulent activity, such as unauthorized withdrawals or deposits.
- **Managing cash flow:** Bank reconciliations can help you track your income and expenses, so you can better manage your cash flow.
- **Preparing accurate financial statements:** Bank reconciliations can help you ensure that your financial statements are accurate and up-to-date.

In addition to these reasons, bank reconciliations are also important for maintaining accurate financial records and ensuring compliance with financial regulations.

As a consequence of the reviews being undertaken by the Counter-Fraud unit and the Internal Audit unit, some tangible progress has been achieved. For example:

- SBC has now managed to prevent future fraudulent direct debits to the income account by cancelling all existing direct debits, and by instructing Lloyds Bank to not allow any new direct debits to be actioned on the Income Account.
- SBC has claimed and received refunds exceeding £40,000 from Lloyds Bank and direct refunds from other companies such as insurance companies and gym companies in respect of fraudulent direct debits that had been processed over the years. Additional recovery procedures are being undertaken the SBC Fraud Team.

Below is a summary of the key observations and recommendations:

Key findings

Lack of Clear Responsibilities: There is a lack of clarity regarding the roles and responsibilities of the Treasury and Reconciliation teams in relation to bank reconciliations, particularly in identifying and investigating suspicious or unusual transactions. This has led to confusion, inaction, and potential delays in addressing reconciliation issues.

Inadequate Communication and Coordination: Communication and coordination between the Treasury and Reconciliation teams, or between the operating departments and the Reconciliation Team are inadequate, with no formal meetings or clear processes for information sharing. This has hindered the timely identification and resolution of reconciliation issues, including the detection and prevention of fraudulent activity.

Lack of Formal Policies and Procedures: There are no formal, documented policies and procedures for bank reconciliations or treasury functions. This has contributed to inconsistencies, errors, and increased risk of fraud.

High Staff Turnover: The Finance Department generally and including the Reconciliation and Treasury teams have experienced high turnover, resulting in a backlog of work and an inability to effectively manage the reconciliation process. This has further increased the risk of errors and fraudulent activity going undetected.

Unreconciled Accounts: The suspense account and the "Mis-cash Account" have not been reconciled regularly, indicating deficiencies in the reconciliation process. This poses a significant risk of errors going undetected and a risk of misappropriation of funds.

Two of the Suspense Accounts contain many reconciled and unreconciled transactions. Additional management attention is required on the suspense accounts. For example:

- A review of the Suspense Account relating to the Direct Bank Account held at Lloyds (Account # 00252708) using the Single Account Reconciliation Tool on Agresso as at December 2024 shows that there are 25,022 unmatched reconciling items with a net credit value of £4,827,686.92.

For the same account, the Reconciliation Team have an Excel Workbook which shows 4,701 unreconciled transactions with a cumulative net debit balance of £37,650,403.

Both the Agresso system and the Reconciliation's Team's spreadsheet show that there are significant numbers of unreconciled transactions needing urgent attention. The fact that the Excel spreadsheet shows very different data to the Agresso reconciliation indicates that errors and/or updating is necessary – there is also a need to work from a single point of truth.

- An analysis of the Suspense Account relating to General Bank Account also held at Lloyds Bank using the Single Account Reconciliation tool on Agresso shows that there are 2,460 unreconciled transactions with a net debit balance of £5,688,310.52. (The Reconciliation team's spreadsheet shows 3,350 individual transactions with a cumulative net debit balance of £27,939,550 for the same account).

Internal Audit testing has shown that some of the transactions on the Reconciliation Team's spreadsheet have been reviewed and validated but remain on the spreadsheet as items still requiring to be cleared from the Suspense Account. This signifies that additional housekeeping measure are necessary regarding the Suspense Account spreadsheet. See *Annex 4* for examples of large transactions in the Suspense Account.

Lack of Awareness and Training: There is a lack of awareness and training among staff regarding the nature of income accounts and the importance of preventing debits from being processed against these accounts. This has contributed to the occurrence of unauthorized direct debits on income accounts.

Key recommendations

- **Clarify Roles and Responsibilities:** Establish clear roles and responsibilities for the Treasury and Reconciliation teams, particularly in the areas of identifying, reporting, and investigating suspicious transactions.
- **Improve Communication and Coordination:** Implement formal meetings and clear processes for communication and information sharing between the Treasury and Reconciliation teams.
- **Develop and Implement Policies and Procedures:** Develop and implement comprehensive, written policies and procedures for bank reconciliations and treasury functions.
- **Address Staffing and Turnover Issues:** The staff in the Reconciliation team have indicated a need for additional resources to manage the backlog. Management should have additional oversight over the capacity level of the Reconciliation team to enable prompt resolution of the huge backlogs in the Suspense Account.
- **Reconcile All Accounts Regularly:** Ensure that all accounts, including the suspense account and the "Mis-cash Account," are reconciled regularly (at least monthly).
- **Implement Training on Income Accounts:** Organize training sessions for all staff involved in handling bank accounts and financial transactions to emphasize the specific nature of income accounts and the importance of preventing debits.

Introduction

This report presents the findings and recommendations of an internal audit review of the control framework regarding the bank reconciliations at Slough Borough Council (SBC).

The review was initiated in response to the discovery of potentially fraudulent direct debit payments being made from SBC's bank accounts, as identified by the Counter Fraud team. These unauthorized payments, which appear to have been ongoing for several years, raise serious concerns about the adequacy of SBC's internal controls and the potential for financial loss. The review focused on understanding the root causes of these control failures, including the lack of clarity over responsibilities between the Reconciliation and Treasury teams, potential resource constraints, and a lack of oversight from senior finance management.

The review involved interviews with key personnel in the Treasury and Reconciliation teams, as well as an examination of relevant policies, procedures, bank statements, and reconciliation records.

SBC operates several bank accounts with two UK banks, namely Lloyds Bank and Santander. SBC has designated some bank accounts to be used for its own operational purposes, some bank accounts are dedicated to schools, and others maintained solely to receive revenues such as rates and taxes (i.e. these are regarded as "Income Bank Accounts").

The fact that many fraudulent payments occurring regularly over the last 10 years were able to go undetected for so long, including fraudulent direct debits to bank accounts that should only process income, raises questions about the robustness of the bank reconciliation process and the general control environment as regards the banking process within SBC.

The findings of this audit will be used to enhance SBC's control environment and ensure the integrity of its financial processes.

Findings

Findings are exceptions-based and are designed to communicate key issues identified during this Internal Audit review, together with suggested actions for improvement. They are detailed below, together with details of the potential / theoretical risk (Assessed risk).

Assessed Risk # 1: The absence of a formalized bank reconciliation process at SBC creates a significant risk of financial loss from undetected fraud and errors.

Findings and implications

Bank reconciliation processes					
No.	Expectation	Finding	Cause	Implications	Recommendation & Priority
1	All bank accounts and suspense accounts should be reconciled regularly (at least monthly).	<p>The suspense account is not fully reconciled monthly. There are long outstanding reconciling items in the reconciliations dating from 2015 to 2024.</p> <p>The "Mis-cash Account" not reconciled for three years. According to the Single Account Reconciliation tool on Agresso:</p> <ul style="list-style-type: none"> The Suspense Account in respect of the General Bank Account has 2,460 unreconciled transactions with a net debit balance of £5,688,310.52. The Suspense A/C relating to the Direct Bank A/C contains 	Inadequate time being dedicated to cleaning up the suspense accounts. Interviews with staff in the department indicate there could be understaffing so not enough resources to tackle legacy transactions.	Significant deficiency in the reconciliation process, potentially masking errors, or fraudulent activity.	<p>All bank accounts and the suspense account should be reconciled on a regular basis (at least monthly) to ensure that all items are identified and resolved promptly.</p> <p>Transactions that have been resolved should be promptly removed from the Suspense A/C.</p> <div style="background-color: red; color: white; padding: 5px; text-align: center; width: fit-content; margin: 10px auto;">High</div>

		25,022 transactions. The net credit balance on this Suspense A/C is £4,827,686.92.			
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Management Response:

Of the 13 bank accounts, 7 are schools bank accounts, and subject to the schools' financial procedures

The remaining 6 are reconciled monthly, within the Revenues and Welfare division of Corporate Resources, of which currently 5 are approved and signed off by the Director, Revenues & Welfare each month.

Arrangements will now be made to ensure the other account (SBC Benefits Account) is also signed off by the Director each month (*Improvement Action 1 Director R&W Andy Jeffs - August 25*).

There are however many unidentified payments and receipts in suspense. Many of the receipts are difficult to reconcile because of the limited information available from the bank statement. However, we are currently in the process of implementing open banking payments system which will directly align certain transactions to individual's personal account (e.g. rent or council tax). This should significantly reduce the number of unidentified transactions – (*Improvement Action 2 - Revenue Services Manager – Oct 25*)

The Reconciliations Team are responsible for coordinating the monthly suspense account reconciliation process. The process will be formally documented, setting out clear responsibilities (*Improvement Action 3 – FM Exchequer Jas Dalvair – Sept 25*)

A report on outstanding suspense items is distributed twice monthly to Finance Business Partners and service managers across the Council. However, response rates are not high. We will review the distribution, frequency and format of the system report to facilitate improving response rates. (*Improvement Action 4 Director R&W – Oct 25*)

A further report detailing outstanding items will now be presented to the monthly Senior Finance Managers meeting for their formal review (*Improvement Action 5 Finance Director Corporate and Commercial – Aug 25*).

Suspense account control packs are reported to Corporate Resources DLT monthly to ensure senior management overview within the Directorate (*Chief Acct – Jonathan Ross*)

2	When performing bank reconciliations, all reconciling items, regardless of size, should be routinely followed up and investigated.	The Reconciliation Team have decided to use a prioritisation strategy where larger reconciling items such as greater than £5,000 are promptly reviewed but the smaller reconciling items are not being investigated or resolved.	Limited resources and a perception that smaller items pose less risk.	Smaller fraudulent transactions may go undetected due to a lack of systematic follow-up.	All reconciling items, regardless of size, should be routinely followed up and investigated. <div style="background-color: red; color: white; padding: 5px; display: inline-block;">High</div>
<p><u>Management Response:</u></p> <p>There are no outstanding items arising from the bank reconciliation process this is evidenced by the suspense account control packs reviewed by Andy Jeffs)</p> <p>See response to Recommendation 1 re: suspense accounts reconciliations (<i>Improvement Action 2 – Financial Manager Exchequer Jas Dalvair – Sept 25</i>).</p> <p>The Improvement Action 2 states the following: <i>There are however many unidentified payments and receipts in suspense. Many of the receipts are difficult to reconcile because of the limited information available from the bank statement. However, we are currently in the process of implementing open banking payments system which will directly align certain transactions to individual’s personal account (e.g. rent or council tax). This should significantly reduce the number of unidentified transactions – (Improvement Action 2 - Revenue Services Manager – Oct 25)</i></p>					

Assessed Risk # 2: Inadequate management supervision and oversight of SBC's bank accounts, along with poor inter-departmental communication, impede the timely resolution and monitoring of potential fraud and errors.

Findings and implications

Management oversight & Interdepartmental communication					
No.	Expectation	Finding	Cause	Implications	Recommendation & Priority
3	Formal meetings should be scheduled regularly to discuss and resolve issues related to bank reconciliation.	Lack of formal meetings between the Treasury and Reconciliation teams, or between the Reconciliation Team and the operational departments in order to discuss and resolve reconciling items. This has resulted in some reconciling items remaining unresolved for several years.	Lack of recognition of the importance of regular communication and collaboration between the two teams. Lack of formal communication to relevant senior management as well as relevant departments (e.g. The Counter-fraud unit) whenever a serious discrepancy is identified.	Poor communication and delays in resolving issues, hindering the effectiveness of the reconciliation process. Delays in SBC recovering banking errors or fraud from the relevant bank or from the culprits.	Formal meetings should be scheduled at least once a month to discuss and resolve issues related to bank reconciliation. A formal policy should be developed which guides how errors and discrepancies are escalated. <div style="background-color: #FFC000; padding: 5px; display: inline-block;">Medium</div>
<p><u>Management Response:</u></p> <p>Agreed – a formal monthly meeting between Treasury and the Recs team manager will be diarised. (<i>Improvement Action 6 SFM Treasury and Capital - August 25</i>) See Recommendation 1, re: formal policy (<i>Improvement Action 2 – Finance Manager Exchequer Jas Dalvair – Sept 25</i>):</p> <p>Arrangements will now be made to ensure the SBC Benefits Account is also signed off by the Director each month (<i>Improvement Action 1 Director Revenue & Welfare Services Andy Jeffs - August 25</i>).</p>					

Improvement Action 2 states the following:

There are however many unidentified payments and receipts in suspense. Many of the receipts are difficult to reconcile because of the limited information available from the bank statement. However, we are currently in the process of implementing open banking payments system which will directly align certain transactions to individual's personal account (e.g. rent or council tax). This should significantly reduce the number of unidentified transactions – (Improvement Action 2 - Revenue Services Manager – Oct 25)

No.	Expectation	Finding	Cause	Implications	Recommendation & Priority
4	There should be good senior management oversight over the bank accounts and the reconciliation processes. SBC should have clear roles and responsibilities for identifying, reporting, and investigating suspicious transactions.	Unclear responsibility for investigating suspicious transactions. In addition, there has been no escalation of the problem to senior management over the years (e.g. to the director-level)	Lack of documented procedures and a formal process for investigating suspicious transactions.	Confusion and inaction in addressing suspicious transactions, potentially allowing fraudulent activity to continue.	Establish clear roles and responsibilities for identifying, reporting, and investigating suspicious transactions. In addition, issues of significant errors on the bank should be escalated to directors for oversight. <div data-bbox="1677 794 1805 882" style="background-color: #f4a460; padding: 5px; text-align: center;">Medium</div>

Management Response:

Management oversight of the 6 SBC bank accounts – monthly sign-off by Andy Jeff (Director Revenues & Welfare Services) see response to Recommendation 1 and Improvement Action 1. That is:

Arrangements are in place with Lloyds Bank and the Corporate Fraud team re identification of suspicious activity, including automatic notification on set up of Direct Debits on receipt only accounts. Any suspicious transactions reported to Corporate Fraud team (*FM Exchequer Jas Dalvair*). Process attached.

Reporting to senior management on suspense reconciliation process set out above (Recommendation 1, and Improvement Action 5) i.e. A further report detailing outstanding items will now be presented to the monthly Senior Finance Managers meeting for their formal review (*Improvement Action 5 Finance Director Corporate and Commercial – Aug 25*).

Suspense account control packs are reported to Corporate Resources Divisional Leadership Team (DLT) monthly to ensure senior management overview within the Directorate (*Chief Accountant – Jonathan Ross*)



Fraud process for direct debits.docx

Improvement Action 1 and Improvement Action 5 state the following:

The remaining 6 are reconciled monthly, within the Revenues and Welfare division of Corporate Resources, of which currently 5 are approved and signed off by the Director, Revenues & Welfare each month.

- Arrangements will now be made to ensure the other account (SBC Benefits Account) is also signed off by the Director each month (*Improvement Action 1 Director Revenues & Welfare Services (Andy Jeffs - August 25)*).
- A further report detailing outstanding items will now be presented to the monthly Senior Finance Managers meeting for their formal review (*Improvement Action 5 Finance Director Corporate and Commercial – Aug 25*).
- Suspense account control packs are reported to Corporate Resources DLT monthly to ensure senior management overview within the Directorate (*Chief Accountant – Jonathan Ross*)

No.	Expectation	Finding	Cause	Implications	Recommendation & Priority
5	The operational departments as well as Treasury should provide a regularly updated list of all direct debits to the	Lack of a regularly updated list of direct debits provided to the Reconciliation Team.	Unclear procedures and lack of communication between the Treasury and Reconciliation Teams, as well as between the	Difficulty in identifying and reconciling direct debits, increasing the risk of unauthorized payments going undetected.	The Operational Departments as well as Treasury should provide a monthly list of all authorized direct debits to the Reconciliation

	<p>Reconciliation Team to enable efficient and effective bank reconciliations.</p>		<p>relevant operational departments and the Reconciliation Team</p>		<p>Team. This will enable a more efficient reconciliation process.</p> <p style="text-align: center;">High</p>
<p><u>Management Response:</u></p> <p>We currently have a cleansed list of all valid direct debits, and any changes are provided monthly to the Reconciliations Team. Andy Jeffs is monitoring this process.</p> <p>The procedural arrangements for setting up and approving direct debits are set out on the Council's intranet (SBCinsite). However, it is timely for this now to be reviewed and updated, which will include the requirement for a regular monthly control report to be generated on all new direct debits to the reconciliation team (<i>Improvement Action 7 – Finance Manager Exchequer Jas Dalvair - Sept 25</i>)</p>					

Assessed Risk # 3: SBC's bank account controls are compromised by a lack of adequate staffing, hindering both the efficient management of current transactions and the resolution of long-standing legacy issues.

Findings and implications

Adequacy of Staff numbers					
No	Expectation	Finding	Cause	Implications	Recommendation & Priority
6	Adequate staffing levels and measures to reduce staff turnover should be implemented.	Understaffing and high turnover in the Reconciliation Team as well as the Treasury Team. This may have contributed in there being long outstanding reconciling items some dating back about 10 years (i.e. 2015 and 2016) not being resolved.	Budget constraints may have limited the number of staff employed in Bank Reconciliation team and possibly the Treasury team. Work overload could decrease staff morale.	A backlog of work and an inability to effectively manage the reconciliation process, increasing the risk of errors and fraud.	Review of the current staffing model in terms of quantity and quality of people employed in the department. Management should consider all factors that help in employee retention such as opportunities for professional development and benchmarking of salaries and benefits to the market. Recruitment of additional resources for a limited period to resolve the long-outstanding items on the bank reconciliations. Medium

Management Response:

There is an updated structure (which is managed by Andy Jeffs), and arrangements are in place for recruiting to vacant posts in the structure. The team is expected to be fully functional by September 2025, with permanent staff members onboard. This will provide greater stability, long-term support for the department, and coverage for the current process improvements.

The process will be formally documented, setting out clear responsibilities (*Improvement Action 3 – Finance Manager Exchequer Jas Dalvair – Sept 25*). This will include wider responsibilities of Financial Management division and services

Assessed Risk # 4: The lack of properly documented and regularly updated policies and procedures for bank account management and control poses a risk, as it fails to provide clear guidance for both new and existing staff.

Findings and implications

Policies and procedures					
No	Expectation	Finding	Cause	Implications	Recommendation & Priority
7	SBC should have formal policies and procedures relating to the control and management of bank accounts and bank reconciliations. These policies and procedures are updated regularly (such as annually). Relevant staff should be trained on these policies and procedures.	There are no formal policies and procedures for bank reconciliation. The staff in the Reconciliation Team were not provided with a policy or corporate training specific to SBC as regard management of bank accounts.	Lack of understanding of the importance of documented procedures and a lack of prioritization of control documentation.	Increased risk of errors and inconsistencies in the reconciliation process due to a lack of guidance and standardization.	Develop and implement formal policies and procedures for bank reconciliation. Training should be provided to staff especially new employees and contractors working with the bank accounts. <div style="background-color: #FFC300; padding: 5px; display: inline-block;">Medium</div>
<p><u>MANAGEMENT RESPONSE:</u></p> <p>Agreed (see Recommendation 1 Improvement Action 3) The process will be formally documented, setting out clear responsibilities (Improvement Action 3 – Finance Manager Exchequer Jas Dalvair – Sept 25)</p> <div style="display: flex; align-items: center;">  <p>Fraud process for direct debits.docx</p> </div>					

A formal training pack will be provided, in conjunction with Improvement Action 3 above and used to support all staff involved in the reconciliations process. The Finance Manager Exchequer will ensure all new staff are trained in the process. (Improvement Action 3 – FM Exchequer Jas Dalvair – Sept 25)

No.	Expectation	Finding	Cause	Implications	Recommendation & Priority
8	A formal process for departments to respond to coding requests, with escalation procedures for non-response, should be implemented.	Inadequate communication and lack of response from departments regarding coding requests. Requests for coding information is regularly sent out by the Reconciliation Team to the operational departments but the response level is low.	Lack of a formal process for communication and a lack of accountability for timely response to requests.	Delays in the reconciliation process and prevents timely resolution of reconciling items, increasing the risk of errors.	Implement a formal process for departments to respond to coding requests, with escalation procedures for non-response. 

Management Response:

The Reconciliations Team are responsible for coordinating the monthly suspense account reconciliation process. The process will be formally documented, setting out clear responsibilities (Improvement Action 3 – FM Exchequer Jas Dalvair – Sept 25)

Although both the General and Direct Suspense Account reports are sent out on a regular basis to all departments, responses have been limited, and there appears to be a lack of urgency in reviewing and actioning the details provided. A formal process of escalation is outlined earlier (*Rec1 – Improvement Actions 4 and 5 above*) and it's important all departments understand the importance of addressing these items in a timely manner.

No	Expectation	Finding	Cause	Implications	Recommendation & Priority
9	Formal meetings should be scheduled regularly to discuss and resolve issues	Lack of formal meetings between the Treasury and Reconciliation teams, or	Lack of recognition of the importance of regular communication and	Poor communication and delays in resolving issues, hindering the effectiveness	Formal meetings should be scheduled at least once a month to discuss and

	related to bank reconciliation.	between the Reconciliation Team and the operational departments in order to discuss and resolve reconciling items. This has resulted in some reconciling items remaining unresolved for several years.	collaboration between the two teams.	of the reconciliation process.	resolve issues related to bank reconciliation. Medium
<p><u>Management Response:</u></p> <p>Agreed – a formal monthly meeting between Treasury and the Recs team manager will be diarised. (<i>Improvement Action 6 SFM Treasury and Capital - August 25</i>)</p>					
No	Expectation	Finding	Cause	Implications	Recommendation & Priority
10	A documented process for reporting and investigating all unusual transactions, regardless of size, should be implemented.	There is no formal process for reporting or investigating unusual transactions.	Lack of awareness and training on the importance of investigating unusual transactions.	Potentially fraudulent transactions may go undetected due to a lack of systematic follow-up.	Implement a documented process for reporting and investigating all unusual transactions, regardless of size. High
<p><u>Management Response:</u></p> <p>Agreed – Please see response to Rec 4</p> <p> Fraud process for direct debits.docx</p>					

Annex 2: Objective, Scope, and Limitations

Objective

This review by Internal Audit focused on assessment of the control environment over the bank reconciliation processes. Bank reconciliations are important for identifying errors and frauds in the bank accounts and thereby protecting the financial assets of SBC.

Scope and limitations

This is a special review necessitated by the recent discovery of fraudulent transactions in the SBC bank accounts that have occurred over several years. It is an assessment of the internal control environment in order to assist management to rectify control weaknesses such as by improving management oversight, development of policies and procedures, provision of training and support to staff, and/or deployment of resources to enable effective and efficient control over the bank accounts.

The scope of this review will predominantly focus on interviews of key staff as well as review of certain policies and documentation.

The scope will be limited by the following:

- Testing will be undertaken on a sample basis.
- In addition, our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist; and
- The results of our work are reliant on the quality and completeness of the information provided to us.

Distribution

- Will Tuckley - Chief Executive
- Ian O'Donnell - Executive Director, and S151 Officer - Finance & Commercial
- Christopher Holme - Interim Finance Director
- Andy Jeffs - Director of Revenues and Welfare Services
- David McNamara - Interim Finance Director
- Jonathan Ross – Chief Accountant
- Jasvinder Dalvair - Finance Manager (Financial Resources and Reconciliation)
- Ian Kirby - Interim Head of Internal Audit & Counter-Fraud

Internal Audit team

- Ian Kirby - Interim Head of Internal Audit & Counter-Fraud
- Andrew Chiduku - Lead Internal Auditor

Report prepared by:

- Andrew Chiduku – Lead Internal Auditor

Annex 3: Our classification systems

Recommendation

Priority	Definition	Action required
High	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium	Weakness in governance, risk management and control that if unresolved exposes the organisation to a high level of residual risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low	Scope for improvement in governance, risk management and control.	Remedial action should be prioritised and undertaken within an agreed timescale.

Annex 4: Examples long overdue transactions greater than £250,000 in Suspense A/C for the Direct Bank Account according to the Reconciliation Team spreadsheet

Examples of large unreconciled items i.e. greater than £250,000 still appearing on the Reconciliation Team's spreadsheet for the Direct Account					
Date	Name	Ref	No	Amount (£)	
				£	
26/04/2021	TELEFONICA UK LTD	4100152112	ZBAL.B2402.A5194	391,088.88	
30/04/2021	HEALTH GENERAL CAS	PLPYJ0013686	ZBAL.B2402.A5194	1,167,658.20	
10/05/2021	HEALTH GENERAL CAS	PLPYJ0014386	ZBAL.B2402.A5194	474,651.00	
14/07/2021	HEALTH GENERAL CAS	PLPYJ0019890	ZBAL.B2402.A5194	383,717.00	
31/08/2021	TESCO STORES LTD A	ZBAL B2402 A5194	298739	162,246.00	
09/12/2021	THE SCHELWOOD TRUS	BEECHWOOD SCHOOL	ZBAL.B2402.A5194	269,700.00	
07/01/2022	HEALTH GENERAL CAS	PLPYJ0033338	ZBAL.B2402.A5194	1,909,097.00	
09/02/2022	GBS RE EA PAYMENTS	1001356648	ZBAL.B2402.A5194	311,500.00	
02/10/2020	F/FLOW COUNTRYSIDE	BRITWELL OVERAGE	ZBAL.B2402.A5194	2,078,165.00	
10/12/2020	TELEFONICA UK LTD	4100364221	ZBAL.B2402.A5194	1,544,958.00	
30/03/2021	HEALTH GENERAL CAS	PLPYJ0011263	ZBAL.B2402.A5194	769,057.71	
19/06/2020	ZBAL.B2402.A5194	DEPTOF HEALTH	3160605	689,507.35	
13/01/2021	HEALTH GENERAL CAS	PLPYJ0001851	ZBAL.B2402.A5194	598,156.00	
30/11/2015		Journal Import Created S-W712-5160-5174		-522,520.62	
29/03/2016		SBPH01082284		500,000.00	
31/03/2019		ETB Adj 13 - 2018/19 Audit Adjustment - balance sheet review		479,294.26	

Examples of large items i.e. greater than £250,000 that have been reconciled but still appear in Suspense Account (according to the Reconciliation Team's spreadsheet for the Direct Account)

Date	Name	Ref	No	Amount	ICON Done
04/10/2024	HEALTH GENERAL CAS	ZBALB2402A5194	PLPYJ0105560	2,053,452.00	ICON DONE 28.10.2024 JT01225911
08/04/2022	HEALTH GENERAL CAS	PLPYJ0044436	ZBAL.B2402.A5194	1,962,727.00	ICON DONE 20.06.2022 - JT012111
17/06/2022	F/FLOW IRON MOUNTA	MULTIPLE INVOICES	ZBAL.B2402.A5194	890,968.00	ICON DONE 21.06.2022 - JT012114
25/07/2022	BACS	BACS	ZBALB2402A5194	880,783.04	ICON DONE 30.07.2024 - JT012344
03/05/2022	TELEFONICA UK LIM	2678269 -4	ZBAL.B2402.A5194	381,586.88	ICON DONE 05.05.2022 - JT011930

Unreconciled transactions greater than £250,000 in the General Account on Agresso

Trans No	#	Trans. Date	Period	Text	Amount	Analysis	Value date
8020039684	0	30/11/2022	202208	F/FLOW SLAUGHTER + AKZO N	143,737,616.97	A5191	30/11/2022
8020039660	18	28/11/2022	202208	F/FLOW SLAUGHTER + AKZO N	-143,737,616.67	A5191	24/11/2022
8020041038	12	31/03/2022	202113	Council Tax Rebate - Main from DCLG 2021	7,223,850.00	A5191	31/03/2022
8020006179	171	31/03/2017	201612	AFPTREAS 1617 04 Lloyds 17.12.15 input incorrectly. Amendment in wrong year. Cleared 201603 but duplicated Aug 16. Code to B2402 ZBAL A5191	2,800,000.00	A5191	31/03/2017
8020000979	7	31/03/2016	201512	AFPTREAS06 Handlesbanken 17th Dec 2015 correction	2,800,000.00	A5191	31/03/2016
8020002639	6	09/08/2016	201605	AFPTREAS 1617 01 Handlesbanken 17.12.15 correction input in wrong year	-2,800,000.00	A5191	09/08/2016
8020015901	1	31/12/2018	201809	MW Reversal trans 8020014546	-2,800,000.00	A5191	31/12/2018
8020014546	1	12/10/2018	201807	AFPTREAS 1617 01 Handlesbanken 17.12.15 correction input in wrong year Gen susp 20160809	2,800,000.00	A5191	12/10/2018
8020036137	78	16/03/2022	202112	Tech 2122 0010 F/FLOW 1/ABERDEEN D130 L	2,800,000.00	A5191	16/03/2022
8020035383	86	26/01/2022	202110	F/FLOW 1/ABERDEEN D130 L	-2,800,000.00	A5191	25/01/2022
8020002902	29	06/09/2016	201606	TRANSFER WMTT M1066742200	-2,020,109.59	A5191	05/09/2016
8020006179	173	31/03/2017	201612	AFPTREAS 1617 04 Lloyds 5.9.2016 coded to B2402 ZBAL A5191	2,000,000.00	A5191	31/03/2017
8020037820	0	30/06/2022	202203	F/FLOW DERBYSHIRE 2M LN - General bank suspense 28/06/2022	2,000,000.00	A5191	28/06/2022
8020037803	23	29/06/2022	202203	F/FLOW DERBYSHIRE 2M LN	-2,000,000.00	A5191	28/06/2022
8020039854	0	16/12/2022	202209	F/FLOW BUDE NATHAN WAITROSE GOSPORT COMPLETION	1,889,041.30	A5191	16/12/2022
8020039867	31	20/12/2022	202209	F/FLOW BUDE NATHAN WAITRO	-1,889,041.10	A5191	16/12/2022
8020021301	16	11/10/2019	201907	Osborne Pro : Gen Susp 28/09/2019	-1,594,402.85	A5191	11/10/2019
8020021076	16	30/09/2019	201906	OSBORNE PRO F/FLOW 102319	1,594,402.84	A5191	27/09/2019
8020051043	37	02/12/2024	202408	ESFA GENERAL P000109	-1,574,676.09	A5191	30/11/2024
8020000021	2420	31/12/2015	201509	17.12.2015 Lloyds General Bank F/FLOW S S-W712-5160-5171	-1,400,000.00	A5191	18/12/2015

8020000023	40327	31/01/2016	201510	17.12.15 Lloyds General Account correcti S-W712-5160-5171	-1,400,000.00	A5191	04/01/2016
8020051366	23	02/01/2025	202409	ESFA GENERAL P000109	-1,221,369.25	A5191	31/12/2024
8020025645	3	31/03/2020	201913	2019/20 Balance Sheet Review	1,176,639.17	A5191	31/03/2020
8020040300	13	31/03/2019	201814	ETB Adj 13 - 2018/19 Audit Adjustment - balance sheet review	1,143,093.66	A5191	31/03/2019
8020046544	13	31/03/2024	202312	Duplicaiton of Inland Revenue- Feb 24	922,234.31	A5191	31/03/2024
8020050284	22	01/10/2024	202406	GRE5 Drawdown Request 25.	895,740.00	A5191	30/09/2024
8020050695	26	23/10/2024	202407	F/FLOW 09000024783090720	-823,732.74	A5191	23/10/2024
8020000016	6280	31/08/2015	201505	06.08.2015 Lloyds General Bank F/FLOW S S-W712-5160-5171	-800,000.00	A5191	07/08/2015
8020000018	42809	31/10/2015	201507	CANCEL ARV151072 S-W712-5160-5171	800,000.00	A5191	08/10/2015
8020048628	13	14/06/2024	202403	FEDERATED S F/FLOWCB24061118956540	800,000.00	A5191	13/06/2024
8020048851	2	01/07/2024	202403	FEDERATED S F/FLOWCB24061118956540	800,000.00	A5191	13/06/2024
8020049557	4	14/08/2024	202405	Federated Prime MMF Investment 130624	-800,000.00	A5191	20/05/2024
8020050695	25	23/10/2024	202407	F/FLOW 09000024783090720	-785,654.67	A5191	23/10/2024
8020051338	19	24/12/2024	202409	PUBLIC WORKS LOANSSLOUGH	783,437.50	A5191	23/12/2024
8020047219	39	16/04/2024	202401	DLUHC 1000 2	-585,641.00	A5191	15/04/2024
8020035595	5	28/02/2022	202111	APTBUROU - Mis coded	573,502.44	A5191	28/02/2022
8020021769	0	05/11/2019	201908	DAVITT JONES BOULD AQUAOV GEN susp 28/08/19	501,830.56	A5191	05/11/2019
8020048823	0	29/06/2024	202403	LGIM F/FLOWCB24061	-500,000.00	A5191	06/06/2024
8020048543	11	06/06/2024	202403	LGIM F/FLOWCB24061	500,000.00	A5191	06/06/2024
8020049223	18	19/07/2024	202404	1121321271 TO 43257468 309773	500,000.00	A5191	19/07/2024
8020046803	20	02/04/2024	202312	SLWS00793180	468,748.42	A5191	02/04/2024
8020041038	10	31/03/2022	202113	Council Tax Rebate - Discretionary from DCLG 2021	363,450.00	A5191	31/03/2022
8020042574	1	15/05/2023	202302	Osborne invoice no 526	-356,170.05	A5191	15/05/2023
8020046787	71	02/04/2024	202312	DLUHC 1000 2	-319,861.00	A5191	28/03/2024
8020020518	29	28/08/2019	201905	DAVITT JONES BOULD AQUAOV	-312,612.72	A5191	27/08/2019
8020045206	0	15/12/2023	202309	2022/23 discharge funds	257,726.40	A5191	15/12/2023
8020041454	1	30/03/2023	202212	Correction Income incorrectly coded to A04C - SBPH04645097	-257,726.00	A5191	30/03/2023
8020047630	1	24/04/2024	202313	Community Discharge grant correction 2022/2023	-257,726.00	A5191	24/04/2024
8020050858	0	31/03/2023	202213	Reclass 8020041454-30/03/3023	257,726.00	A5191	31/03/2023
8020041624	75	03/04/2023	202212	DLUHC 1000 2	-253,957.00	A5191	31/03/2023

8020046787	72	02/04/2024	202312	DLUHC 1000 2	-253,957.00	A5191	28/03/2024
8020050858	2	31/03/2023	202213	Reclass 8020041624-04/03/3023	253,957.00	A5191	31/03/2023

Unreconciled transactions greater than £250,000 in the Direct Account on Agresso

TransNo	#	Trans. date	Period	Text	Amount	Analysis	Value date
8020051070	48	05/12/2024	202409	SLWS00886154	3,752,039.93	A5194	05/12/2024
8020051291	7	20/12/2024	202409	SLWS00892669	-748,020.00	A5194	20/12/2024
8020025632	10	31/03/2020	201913	2019/20 Balance Sheet Review	615,554.03	A5194	31/03/2020
8020051070	49	05/12/2024	202409	SLWS00886155	-542,470.15	A5194	05/12/2024
8020000019	4999	30/11/2015	201508	Journal Import Created S-W712-5160-5174	-522,520.62	A5194	15/11/2015
8020000554	13	29/03/2016	201512	SBPH01082284	500,000.00	A5194	29/03/2016
8020040300	181	31/03/2019	201814	ETB Adj 13 - 2018/19 Audit Adjustment - balance sheet review	479,294.26	A5194	31/03/2019
8020038064	5	22/07/2022	202204	SBPH04568672	-389,120.00	A5194	22/07/2022
8020038104	19	26/07/2022	202204	SBPH04569271	-389,120.00	A5194	26/07/2022
8020038104	20	26/07/2022	202204	SBPH04569272	389,120.00	A5194	26/07/2022
8020044259	2	04/10/2023	202307	SBPH04719003	287,450.00	A5194	04/10/2023
8020040380	28	24/01/2023	202210	SBPH04634485	267,747.00	A5194	24/01/2023
8020040521	17	02/02/2023	202211	SBPH04637795	-257,726.00	A5194	02/02/2023
8020040842	23	28/02/2023	202211	SBPH04645096	257,726.00	A5194	28/02/2023
8020046000	17	19/02/2024	202311	SLWS00779758	257,726.00	A5194	19/02/2024



