

Interim Audit **Summary of** **Key Findings**

Bath and North East Somerset Council

Audit 2010/11

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Summary

Introduction

1 We complete our audit of the Council's accounts in two stages. We undertake an interim audit during the financial year. In the summer we undertake an audit of the year-end accounts reporting our work in September when we give our audit opinion.

2 This paper summarises the findings from the interim audit.

Background

3 Auditing standards require us to gain an overall understanding of the Council, including how transactions flow through your financial information systems. We do this by documenting your key financial systems such as those for paying creditors or collecting council tax. We test controls within these systems on a cyclical basis working jointly with internal audit.

4 We also review your overall control environment such as your risk management processes and your arrangements for managing information technology.

5 Our interim audit comprises the review of the control environment and financial systems.

Audit approach

6 The audit commission has a standard approach for documenting and testing financial information systems and your control environment. We apply this approach to systems which generate material figures in the statement of accounts.

Main conclusions

7 Overall, based on our interim work your arrangements are satisfactory, however we have identified one key control issue which we wish to report to you.

8 Journals are manual adjustments to the amounts recorded in the accounts. Satisfactory authorisation of journals is a key financial control. Evidence for the authorisation of journals is not always recorded and where it is recorded this is not always done promptly. Authorisation of journals should be enhanced where appropriate.

9 Officers are undertaking a retrospective review of journals to ensure they are correctly authorised.

10 We have agreed with officers a detailed memorandum setting out more minor issues and recommendations arising from our work.

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