

TITLE	Pre-Signed Cheques
FOR CONSIDERATION BY	Audit Committee on 27 November 2013
WARD	None Specific
STRATEGIC DIRECTOR	Julie Holland, Interim Head of Business Assurance & Democratic Services

OUTCOME / BENEFITS TO THE COMMUNITY

Assurance over the probity of financial procedures.

RECOMMENDATION

That the Audit Committee note the information on Pre-signed Cheques and report back to the Constitution Review Working Group.

SUMMARY OF REPORT

Authorisations of all payments whether cheque or BACS are processed using the WISE system. Every payment will receive electronic authorisation by a valid budget manager before being paid. This system is robust and allows effective control over supplier payments. The WISE authorisation process significantly reduces the risk of fraud or abuse of cheque payments.

Internal Audit recognises that the Strategic Director of Resources and Head of Finance are the most appropriate individuals to check and co-sign any amount over the agreed limit.

All cheque stationary is held securely in a locked safe within the Finance Department. Only the Finance Admin Officer has access and the cheques are sent out by authorised members of the team directly to the supplier. In the event a cheque is taken from Finance to process internally or to be sent by a service at a later date the Finance Officer requires a signature in a log book before the cheque is issued. This ensures the security and physical control of the cheques is robust.

Background

In response to concerns raised by the Constitution Review Working Group (CRWG) Internal Audit was asked to examine the current controls in place in relation to payments using pre-signed cheques; in particular their countersigning, authorisation and risk to potential fraud. Cheques are currently pre-signed to save time, however this is balanced with an appreciation of the risk and controls have been put in place to mitigate this.

Approximately 15% of payments are made using a pre-signed cheque; this represents a significant proportion of council expenditure. In the current financial year to date 774 have been made using this method. The average amount paid by cheque is approximately £1,100.

Analysis of Issues

Internal Audit concludes that the authorisation of payments through WISE is robust and acts as an effective control to minimise the risk of fraudulent cheque payments. The security arrangements in place for the cheque stationary are strong and adequately control the risk of theft or fraudulent usage.

During the course of this work internal audit identified a number of areas to strengthen controls including formally documented procedures around cheques, continuation of efforts to reduce the number of payments via cheques and reduction of the sign off limit for cheques.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	N/A	Yes	N/A
Next Financial Year (Year 2)	N/A	Yes	N/A
Following Financial Year (Year 3)	N/A	Yes	N/A

Other financial information relevant to the Recommendation/Decision

N/A

Cross-Council Implications

N/A

Reasons for considering the report in Part 2

N/A

List of Background Papers

None

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