

TITLE	Pre-Signed Cheques
FOR CONSIDERATION BY	Audit Committee on 4 February 2014
WARD	None Specific
DIRECTOR	Graham Ebers – Director of Finance and Resources

OUTCOME / BENEFITS TO THE COMMUNITY

Assurance over the probity of financial procedures.

RECOMMENDATION

The Audit Committee is asked to note the information on further monitoring of Pre-signed cheques.

SUMMARY OF REPORT

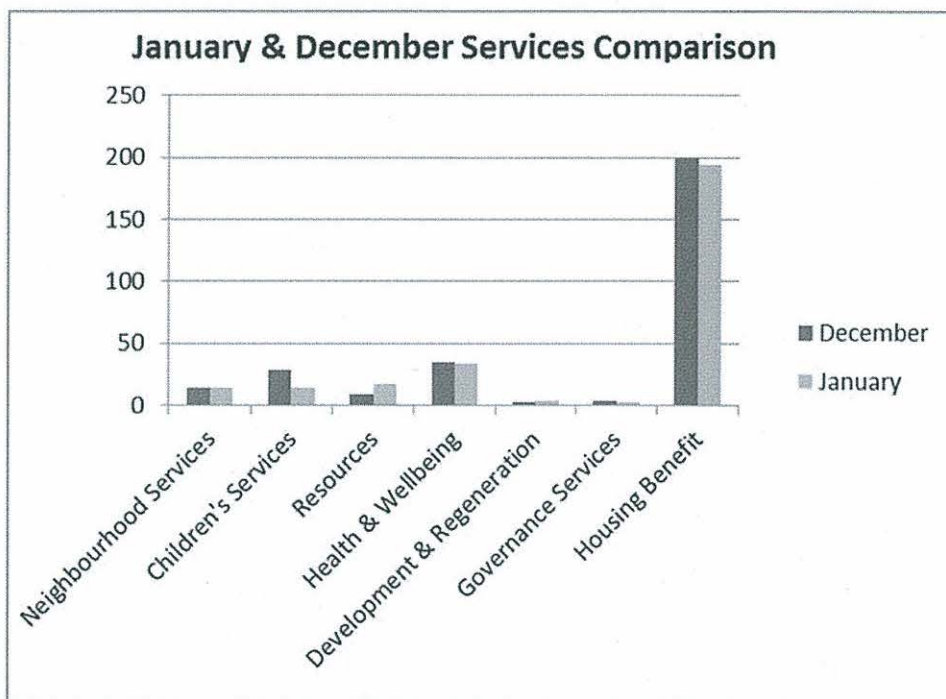
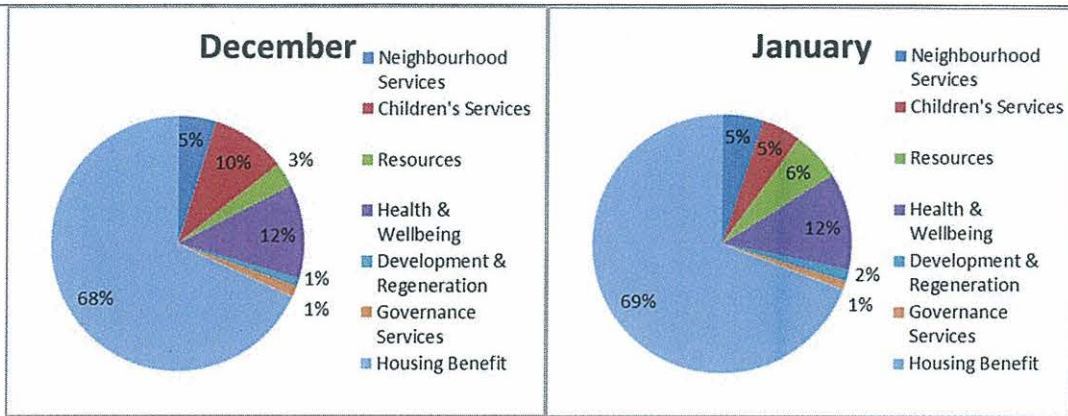
Authorisations of all payments whether cheque or BACS are processed using the WISE system. Every payment will receive electronic authorisation by a valid budget manager before being paid. This system is robust and allows effective control over supplier payments. The WISE authorisation process significantly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

The audit committee sought assurances that the use of cheques were generally as an exception and asked for further information to be produced.

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.

Since the last audit committee the Head of Finance has been responsible for putting monitoring in place to ensure the use of cheques is kept to a minimum. The charts below reflect the current levels of cheques being produced by department and by value for the periods December 2013 and January 2014.



As can be seen from the above information, of the 572 cheques issued during the two month period, 68.7% (393) relate to housing benefit.

Finance remains committed to reducing the level of cheque production and will work with services to identify opportunities to reduce this further.

The table below shows the values of cheques being raised during the period. As confirmed by the Internal Audit team in November, the authorisation of payments through WISE is robust and acts as an effective control to minimize the risk of fraudulent cheque payments. The security arrangements in place for the cheque stationery are strong and adequately control the risk of theft or fraudulent usage.

	December		January		Dec & Jan	Dec & Jan	Total
	Services	Housing Benefit	Services	Housing Benefit	Services	HB	
£0 - £100	23	38	23	32	46	70	116
£101 - £200	14	51	27	51	41	102	143
£201 - £300	10	50	5	47	15	97	112
£301 - £400	9	22	5	26	14	48	62
£401 - £500	3	9	4	9	7	18	25
£501 - £600	3	6	2	5	5	11	16
£601 - £700	4	3	1	4	5	7	12
£701 - £800	3	5	0	5	3	10	13
£801 - £900	1	3	3	3	4	6	10
£901 - £1000	6	2	3	0	9	2	11
£1001 - £1100	1	2	1	0	2	2	4
£1101 - £1200	0	2	0	2	0	4	4
£1201 - £1300	0	0	0	0	0	0	0
£1301 - £1400	1	2	1	3	2	5	7
£1401 - £1500	3	1	5	1	8	2	10
£1501 - £2000	1	1	1	0	2	1	3
£2001 - £2500	3	2	0	3	3	5	8
£2501 - £5000	6	0	2	3	8	3	11
£5001 - £10000	2	0	3	0	5	0	5
Total	93	199	86	194	179	393	572

During the period December 2013 to January 2014 no cheques were raised in excess of £10,000 where two signatures are required. The majority of cheques raised for Housing Benefit claimants ranged between £1 and £3250.

The Finance team will continue to monitor the usage of cheques and will continue efforts to reduce the numbers of payments by cheque.

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

Not applicable.

Cross-Council Implications

Not applicable.

Reasons for considering the report in Part 2

Not applicable.

List of Background Papers

None.

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