

Glasgow City Council Internal Audit Section

Committee Summary

Financial Services – Accounts Payable – Bank Account Controls

1 Introduction

- 1.1 As part of the agreed Internal Audit plan, we have carried out a review of the bank account control processes within the Council.
- 1.2 Financial Services Customer and Business Services (CBS) process the payment of invoices on behalf of all Council Services. To enable payments to be made there is a requirement for businesses/organisations to be added to the Council's financial system (SAP) as a vendor. This includes adding details of their respective bank account to the system. There may also be occasions that the bank account details held for current vendors are required to be changed. There is a detailed process that should be followed to enable this to be undertaken securely. A team of officers based within the Accounts Payable (AP) section of CBS are responsible for the change to vendor bank details and for adding new vendors to SAP.
- 1.3 The purpose of the audit was to gain assurance that there are appropriate controls in place covering bank account control processes and that any requests to change bank account details are subject to appropriate approval and scrutiny. The scope of the audit included a review of:
- Documented policies and procedures, roles and responsibilities.
 - A sample of both new vendors and change of bank account requests.
 - The arrangements for updating systems and documentation in respect of any change of bank account details.
 - The arrangements in place for the creation and maintenance of creditors master data, particularly bank and contact details.
 - Approval processes and audit trails.
 - Record keeping arrangements.

2 Audit Opinion

- 2.1 Based on the audit work carried out, assurance can be taken that the control environment is satisfactory.

3 Main Findings

- 3.1 We are pleased to report that key controls are in place and operating effectively. Documented procedures for both new vendors and change of bank account details have been established. Roles and responsibilities associated with these procedures are understood by all relevant officers. Access to the financial system (SAP) used in the process is appropriately restricted, which provides an additional layer of protection, reinforces segregation of duties and helps maintain an adequate audit trail. The same officer cannot action and approve a request to change vendors' bank account details or to create new vendors.
- 3.2 Requests to change bank account details and to create new vendors are submitted via email, attached to invoices, or directly through the Pulse system. Upon receipt of a request, this must be logged in Pulse. All pertinent information regarding the request, including additional comments from officers and any supporting documentation, is recorded under a unique reference number specifically assigned to that request.
- 3.3 Through sample testing, we evaluated the creation of 15 new vendors and found that appropriate checks were consistently performed. All updates were accurately recorded, relevant documentation was attached to each case, and all requests received the necessary approval.
- 3.4 We also examined 15 requests for changes to bank account details. We found that all updates were recorded appropriately, each request received the necessary approval, and relevant documentation was attached to all cases. In all instances, the control requirements were fully adhered to by all relevant officers.
- 3.5 Adequate document retention arrangements are in place for the processing of requests related to both changes in bank account details and the creation of new vendors.
- 3.6 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.7 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.8 It is recommended that Committee notes the content of this report.