## Management Reponses on Improvement Recommendations

| Assessment | Issue and Risk | Recommendation | Management Response |
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| Medium | **Journal Processes**<br><br>The Council posted around 371,000 transactions during the year with a total value of around £11bn, compared to gross expenditure on services of around £545m. 63% (£8.868bn) of these transactions are recorded as either 'manual' or 'spreadsheet' type transactions.<br><br>The number and value of journals posted, lack of any review for journal lines below £250,000, a purely retrospective review and approval of journal lines above £250,000, and the high number of individuals posting journals very infrequently increases the risk of error. | Management should review the processes in place around journals to identify whether controls need to be strengthened and whether there is scope to reduce the amount of work involved in posting such large numbers of journals. | Financial Operations have not changed any processes around journals this year so although it is not a change of approach that has given rise to this recommendation, it highlights that there may be potential for some efficiencies to be found in the processing of journals.<br><br>Officers note Grant Thornton's suggestion that Solihull processes a relatively high number of manual journals compared to neighbouring authorities. We will therefore review the journals processed as well as speak to other authorities to understand how we may be able to reduce the number of journals processed. We will also review the number of individuals posting journals infrequently but we do not consider this to be a particular risk.<br><br>In terms of the authorisation of journals, the retrospective approval of journals over £250k has been determined using a risk-based approach and is considered by officers to be an appropriate level. |
| Medium | **Mapping the general ledger to the financial statements**<br><br>Before auditors can undertake detailed testing they need to be satisfied that the date in the general ledger agrees to the financial statements.<br><br>The ledger data was provided to us as a series of 17 text files which had to be subjected to complex and time-consuming data processing in order to achieve a usable format. We were then unable to obtain a single comprehensive mapping of the ledger accounts to the draft financial statements which is critical in enabling us to gain assurance over the completeness of the data set, having instead to piece a mapping together from multiple other reports, and therefore causing a delay in proceeding with other areas of our audit work, such as sample selection. While we ultimately were able to achieve this, the process to get to this point necessitated a significant amount of auditor and officer time. | As part of the implementation of the new ledger, management should work with IT colleagues and Grant Thornton to develop reports which can be used to map the general ledger to the financial statements more easily. | We acknowledge that significant time was spent arriving at the transaction report that the auditors wanted this year; however, management would like to note that officers provided the same information this year as in previous years (and as initially requested). However, this year the auditors sought to use their data analytics system on the data and it became apparent that the format in which the data was available was not suitable for this purpose.<br><br>The Council had begun working with Grant Thornton during the Interim Audit stage to resolve this issue and ensure there was a fully mapped report at an early stage, but resourcing issues within Grant Thornton meant that it was not possible to complete this exercise and unfortunately this then had to be left until the main audit when it had a consequent impact on both officer and auditor time.<br><br>Officers from Financial Operations have already started working with colleagues in IT and Grant Thornton to look at the transaction reports to ensure that all required reports can be provided for the 2022/23 audit as part of the implementation of Oracle Cloud. A resolution to this is seen as a priority as it can provide significant efficiencies in sample selection. |
| Low | **Low value transactions**<br><br>As part of our work in testing the 'other service expenditure' line of Note 6 to the financial statements, we performed some analysis of the transactions which make up this balance. We found that within this population there are 364,676 transactions, which have a total value of £477m.<br><br>Of the total 364,676 transactions which go into making up this balance, 317,786 (87%) had a value of £1,000 or less. Further, 19,633 transactions were posted with a value of £1 or less. Of these 13,342, amounting to only £5253, were not 'spreadsheet' or 'manual' type, and therefore should have been reviewed be someone. | Management should review the number of low and very low transactions to identify whether time savings in terms of entry and approval may be possible. | Management will review the possibility of reducing the number of lower value transactions. However, we do note that many of the transaction values are dependent on external factors (individual invoices lines etc) and others may result from the use of templates introduced to streamline journal creation.<br><br>We will review the transactions identified as low value and determine if improvements can be made to the processes for those transactions where the Council has control over the value, frequency and type. |