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INFRASTRUCTURE, GOVERNMENT AND HEALTHCARE

Cardonald College Glasgow

Annual audit report to Board of Management and the Auditor General for Scotland

Year ended 31 July 2010

17 December 2010

AUDIT

AUDIT ▪ TAX ▪ ADVISORY

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About this report
This report has been prepared in accordance with the responsibilities set out within the Audit Scotland's *Code of Audit Practice* ("the Code").

This report is for the benefit of the Board of Management of Cardonald College and is made available to Audit Scotland (together "the beneficiaries"), and has been released to the beneficiaries on the basis that wider disclosure is permitted for information purposes, but that we have not taken account of the wider requirements or circumstances of anyone other than the beneficiaries.

Nothing in this report constitutes an opinion on a valuation or legal advice.

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the scope and objectives section of this report.

This report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than the beneficiaries) for any purpose or in any context. Any party other than the beneficiaries that obtains access to this report or a copy and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the beneficiaries.

Executive summary

Financial statements

We issued an audit report expressing an unqualified opinion on the financial statements of Cardonald College for the year ended 31 July 2010.

Management provided draft financial statements which were substantially complete prior to commencement of our audit fieldwork. The timing was an improvement on the prior year, however the consistency of supporting schedules and cross referencing with our prepared by client request could be further enhanced.

Use of resources

The financial statements report a surplus for the year of £1,963,000, an increase of £1,516,000 from 2008-09. The high surplus figure includes some significant favourable non-recurrent items, the most prominent being a £737,000 adjustment to past pension service costs and a £152,000 deferred capital grant release.

Corporate governance

Management and the audit committee continue to demonstrate their commitment to best practice through self review and evaluation of corporate governance arrangements and audit committee performance.

The Statement of Corporate Governance and Internal Control is consistent with our understanding of the organisation and does not disclose any significant weaknesses in the system of internal control. There is a formal process in place to record, distribute and monitor action in response to key guidance and circulars, however this could become more formalised.

Internal audit concluded that "the College has substantial systems and procedures appropriate to its operations in the area of corporate governance and risk management".

Scope

Our audit work is undertaken in accordance with Audit Scotland's *Code of Audit Practice* ("The *Code*"). This specifies a number of objectives for our audit.

Audit framework

This year was the fourth of our five-year appointment by the Auditor General for Scotland as external auditors of Cardonald College ("the College"). This report provides our opinion and conclusions and highlights significant issues arising from our work. We outlined the framework under which we operate, under appointment by Audit Scotland, in the audit plan overview discussed with the audit committee earlier in the year.

The purpose of this report is to report our findings as they relate to:

- the **financial statements** and our audit opinions;
- our review of the College's **corporate governance arrangements** as they relate to its review of systems of internal control, the prevention and detection of fraud and irregularity, standards of conduct, prevention and detection of corruption, and its financial position; and
- aspects of the College's arrangements to manage its **performance** as they relate to economy, efficiency and effectiveness in the use of resources.

Responsibilities of the principal and board members and its auditors

External auditors do not act as a substitute for the board of management's own responsibilities for putting in place proper arrangements to account for the stewardship of resources made available to it and its financial performance in the use of those resources, to ensure the proper conduct of its affairs, including compliance with relevant guidance, the legality of activities and transactions, and for monitoring the effectiveness of those arrangements and, through the accountable officer, to make arrangements to secure Best Value.

Action plan

This report includes an action plan containing areas for development or improvement identified during our financial statements audit fieldwork.

Acknowledgement

Our work continues to bring us into contact with a range of College staff and we wish to record our appreciation of the continued co-operation and assistance extended to us by College staff during our work.

Service overview; financial position

Introduction

The financial statements report a surplus for the year of £1.9 million, an increase of 339% compared to the previous year and £1.2 million higher than the outturn projected in the management accounts during the year. As at 31 July 2010, there are general reserves of £5.5 million.

Income

Income for the year has increased by £1.2 million when compared to 2008-09, an increase of 6%. The main movements are:

- Grants received from the Scottish Funding Council ("the SFC") have increased by £937,000, an increase of 6% from the prior year. This is partly due to an inflationary rise in the main grant awarded to the College, increasing by £219,000 from 2008-09. In addition, due to increased Weighted Student Numbers ("WSUMS") the fee waiver grant has increased by £208,000.
- In June 2009 the Scottish Government announced additional funding for Colleges to help the needs of individuals and businesses during the economic downturn, the College was allocated £256,000 from this fund.
- Other grant income has increased by £179,000 (25%). This increase is principally due to a £139,000 increase in funding received from the European Social Fund ("ESF"). The fund was developed to provide domestic funding to support young people not in education or employment; as a result Cardonald College Glasgow has received significant funding for their "Building Glasgow's Young People", "Opening Employability Options" and "Supported Pathways" projects.

	2009-10 £'000	2008-09 £'000
Income		
Scottish Funding Council grants	16,991	16,054
Tuition fees and education contracts	1,989	1,987
Other grant income	894	715
Other operating income	3,231	3,044
Investment income	5	75
	23,110	21,875
Expenditure		
Staff costs	14,462	15,111
Other operating expenses	4,991	4,665
Impairment charges	118	275
Depreciation	1,449	1,428
Interest payable	127	9
	21,147	21,428

Expenditure

Due to a number of significant non-recurring items, total expenditure has decreased by £281,000. The individually significant movements are as follows:

- Staff costs have fallen by £649,000 (4%). The majority of this decrease is mainly due to the past service gain of £737,000 as a result of the change in measuring pension increases from RPI to CPI. Excluding the restructuring costs and the FRS 17 adjustment staff costs have increased by £254k from the prior year. The increase in staff costs incorporates pay awards of 1.5% for all teaching staff and a flat rate pay increase of approximately 2% on average for support staff.
- In line with the increase in income, other operating expenses have increased by £386,000 (8%) from 2008-09.
- An impairment charge of £118,000 is incurred due to the decision to market the Priesthill campus for sale and to reflect its carrying value at a market value of £130,000. The impact of this charge is partially offset by a release of deferred capital grants.

Service overview; financial position (continued)

Overall, net assets have increased by £3.4 million (11%) since the prior year. The key movements underlying this increase are as follows:

- Fixed assets have increased by £93,000. This is a result of additions in the year of £2.0 million, offset by the impairment of the Priesthill site following the decision to market it for sale, and a £1.4 million depreciation charge overall.
- The Priesthill impairment of £330,000 at cost has been offset by the release of deferred grants which reduced the effect of the net impairment charge reflected in the income and expenditure account to £118,000.
- Debtors have increased by £540,000 (71%) compared with 2008-09, this is mainly due to £601,000 due from the European Social Fund. All amounts included in debtors have been confirmed to the European Social Funds progress reports as being approved, however, we are aware that the claims process takes a number of months.
- Cash and short term investments have increased by £296,000 (10%) which is a result of the College's efforts to retain sufficient cash balances in order to allow future investment in learning resources and the College assets.
- Creditors have reduced by £834,000 (28%), this is a result of significant capital projects being completed during 2009-10 and related grant funding being transferred to deferred capital grants and receipt of the first instalment of 2010-11 capital funding as a deferred income balance.

	2010 £'000	**2009 £'000**	
Tangible fixed assets	32,777	32,684	273
Stocks	22	22	-
Debtors	1,296	756	488
Cash and short term investments	3,392	3,096	296
Creditors: Amounts falling due within one year	2,181	3,015	(579)
Creditors: Amounts due after more than one year	125	175	(50)
Provisions for liabilities and charges	982	948	34
Pension liability	(646)	(2,245)	1,599
Net assets	**33,553**	**30,175**	**3,251**
Deferred capital grants	24,450	24,188	262
Revaluation reserve	4,240	4,367	(127)
General reserve	4,863	1,620	3,116
Total funds	**33,553**	**30,175**	**3,251**

Following the UK Government's budget, it was announced that future pension increases will be linked to the Consumer Prices Index ("CPI") rather than the Retail Prices Index ("RPI"); CPI has historically been lower than RPI by 0.5% to 0.7% and this results in a significant (£737,000) pension credit in 2009-10. There is currently some debate in the accounting profession as to how the effect of this should be reflected through financial statements; either through the income and expenditure account or the statement of total recognised gains and losses. Management has reflected this in the income and expenditure account in the financial statements; this is in line with our experience in the rest of the sector. This may require to be adjusted next year once accounting guidance on the issue is finalised.

Financial forecasts

College developments 2009-10 and future College developments

During 2008-09 an organisational development occurred at the College with the senior management structure and the structure of faculties being amended. The transition has now been successfully embedded into management and general daily life at the College. Following on from the restructure the corporate services areas are being reviewed with some potential realignment to place the College in the best position with regards to corporate performance. In terms of capital projects during 2009-10 work on the café and reception area and the hairdressing and beauty suite was concluded and during the summer of 2010 significant improvements were made to the science laboratories, healthcare areas and two supported learning kitchens.

During the financial year a decision was taken by the board of management to close the Priesthill site, which housed the Greater Pollock Community Learning Centre. This was due to the realisation that the site was no longer meeting community needs and therefore activity would be best placed elsewhere. The site has since the year end been placed on the market, with a view to an outright sale.

Due to changing needs in the community the College continually reviews the portfolio of courses to ensure it meets student, market, legislative and employer demands. While taking into consideration skills, economic and social needs, the College undertakes an annual exercise to ensure the overall financial viability of the portfolio removing programmes which have failed to recruit sufficient student numbers, meet retention targets etc.

Corporate Plan

The College has a corporate plan in place covering the period 2009-2012, this focuses on four key themes including portfolio, partnerships, people and performance. Each of the themes is underpinned by a number of related objectives. As the College relies heavily on SFC funding the objectives set have been aligned with the SFC and the associated risks have been reflected.

Four key corporate performance indicators have been incorporated into the plan, the result of which has been documented below:

Performance indicator	2009-10 result	2008-09 result	Objective Achieved?
Higher weighted SUMs per Full Time Equivalent (FTE) member of teaching staff (Weighted SUMs/FTE teaching staff)	394	378	Yes
Increased surplus from non Grant in Aid activity (Non SFC Income – Non SFC expenditure)	4,091	4,022	Yes
Lower staff costs percentage as total of all costs (Total expenditure/Total staff costs)	68.5%	70.5%	Yes
Higher underlying operating surplus as a percentage of income (Surplus on continuing operations/income)	8.0%	2.0%	Yes

The corporate plan for 2009-11 states that the College is aiming for a 2% surplus in 2010-11 rising to a 4% surplus in 2011-12. Whilst the surplus for 2009-10 is abnormally high due to the one off distorting items if the level of grant income remains at the same level the planned surpluses appear reasonable. The revenue budget for 2010-11 indicates a planned surplus of 2.1%.

With regards to the corporate plan post 2012, the senior management team has started to consider the detail in relation to this, however as there is uncertainty over the level of SFC grant income post April, management will incorporate the effects of future funding levels in the next plan update.

Financial forecasts

Financial forecasts

2010-11 financial forecast	£'000
Income	21,209
Expenditure	(20,774)
Forecast surplus	**435**

The forecast for 2010-11 is for the College to achieve a surplus of £435,000, which equates to 2.1% of income. This surplus is a significant reduction on the actual surplus in 2009-10, however as noted this arose due to specific non-recurring items. The College strategies includes an aim to expand non SFC funding sources. However, in line with the rest of the sector, the College remains reliant on funding from SFC.

The main grant letter from the SFC for 2010-11 only provides details of the funding up to April 2011. As a result, within the budget an allowance has been made for a possible funding reduction from April to July 2011.

With regards to staff costs the budget includes a limited assumption on pay award levels, as well as an aim to reducing the reliance on temporary staff which will lead to improvement in the Weighted Student Units of Measurement to Full Time Equivalent Teaching Staff performance indicator. In addition, overtime policies and practices are being reviewed with discussions being held with regards to changing work patterns.

During 2009-10 the College concluded a process of development and approved a series of 12 main strategies, to support the implementation of the Corporate Plan. There is no formal documentation in relation to the progress against these strategies; however an update is scheduled for discussion at the finance & resources committee meeting in March 2011. The financial strategy has been set with a focus on ensuring efficiency of teaching delivery and the College is seeking to increase commercial income and tuition fee income from overseas students through the newly established enterprise and international development unit.

Future financial planning

An estates strategy covering the period 2009-19 was prepared and approved by the board of management in December 2009. This strategy was prepared following a review of the anticipated curriculum developments over the ten year period and an assessment of the current position of the estate. There are currently three key projects in the strategy at a total estimated cost of £13 million. Concerns over potential capital funding shortfalls were raised by the finance & resource committee during the financial year, particularly as SFC capital funding allocations are expected to be reduced in future financial years. The College will progress its estates strategy based on affordability and consideration will be given to loan support in addition to the option of utilising the College's available cash reserves.

Management have undertaken detailed scenario planning exercises as part of the Framework for Institutional Sustainability which they have developed. This provides a number of potential actions that could be taken to address funding or resource cuts in the future.

Governance and risk management

Introduction

Corporate governance is concerned with structures and processes for decision-making, accountability, control and behaviour. The three fundamental principles of corporate governance – openness, integrity and accountability – apply to all bodies.

Through the College principal, the board of management is responsible for establishing arrangements for ensuring the proper conduct of College affairs, including compliance with relevant guidance, the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. The *Code* requires auditors to review and report on corporate governance arrangements as they relate to:

- the Board's reviews of its systems of internal control, including its reporting arrangements;
- the prevention and detection of fraud and irregularity; and
- standards of conduct and arrangements for the prevention and detection of corruption.

Framework

The Board of Management consists of 16 members, including those with relevant skills and expertise in accountancy, marketing and management consultancy to oversee the Colleges' strategic plans. The Board is supported in its role by the senior management team. The Board has five standing committees covering audit, finance & resources, learning & teaching, organisational development and remuneration. Each committee is formally constituted and has its own formal terms of reference. This comprehensive governance structure, which includes non-executive, student and academic representation, is demonstrative of best practice and meets the minimum requirements of the Scottish Funding Council. The Committee structure provides the Board of Management with the mechanisms to ensure appropriate oversight and monitoring of financial and academic activities.

In line with best practice in March 2010 both the board of management and the audit committee undertook a self assessment process. The audit committee self assessment review noted that overall the committee members were satisfied with their remit and level of training. A number of areas of concern were highlighted from the board self assessment including a lack of clarity around the roles, responsibilities and delegated authorities, an inadequate induction process and ongoing training, a lack of understanding of the College's work and key stakeholders and a lack of understanding of the College constitution and board's code of conduct. The outcome of the review has led to the board creating a development action plan, which involved setting performance targets and completing a training needs analysis. A calendar of board training, both in house and from Scotland's Colleges, has been established for 2010-11 and the board code of conduct has been reviewed and re-issued to all board members.

Governance and risk management

Risk management

The formal risk management policy includes a risk log has which has been established and each identified risk has a member of the senior management team identified as the risk owner. Risks are assessed according to impact, probability and proximity and where there is no existing mitigating control in place an action plan is created to address the risk.

The College has a risk management policy agreed by the board of management and the College's risk register is reviewed regularly by the senior management team. A risk management report is presented annually to the board of management.

The financial statements include information on the processes in place to manage the principal risks and uncertainties as well as detailing the specific key risks currently facing the College.

Regularity

The board of management considers all incoming correspondence relevant to its strategic management role from the SFC and other regulatory or advisory bodies, including organisations such as Scotland's Colleges and Audit Scotland. Relevant communication is also considered by the audit committee. This allows management to demonstrate the College's approach to considering incoming guidance and taking action where appropriate.

Whilst the process for disseminating circulars to the relevant personnel is reasonable and the secretariat chases up any action required on a timely basis it may be beneficial to consider a more formalised approach to the recording of circulars received and noting the action required with a deadline date and reminder dates.

Recommendation one

Prevention and detection of fraud and irregularity

The College has a fraud response plan in place to define authority levels, responsibilities for action and reporting lines in the event of a suspected fraud or irregularity. The fraud response plan was updated in March 2010 and has been placed on the intranet for employees to obtain. It will be subject to annual review and any changes requested will be required to be reported to the audit committee for approval.

When management is made aware of a suspected fraud, a fraud investigation group would be convened to co-ordinate an investigation. Management has not reported and material instances of fraud or irregularity in 2009-10.

There is also an unethical behaviour and whistle blowing policy available on the intranet as required by The Public Interest Disclosure Act 1998.

Governance and risk management (continued)

Internal controls

In accordance with our audit plan, we have drawn on the work performed by internal audit and performed detailed testing of both entity level controls and finance controls. The testing performed by internal audit on the financial controls identified only one high priority recommendation, that the finance department prepares monthly bank reconciliations on a timely basis and that they are reviewed by the director of finance. This control deficiency has since been resolved and controls testing performed by us identified no deficiencies.

Testing of the design and operation of controls over significant risk points in terms of major financial systems confirms that with the following exceptions, controls are designed appropriately and are operating effectively.

When the SAAS payments are received finance reviews the amounts due from SAAS, based on the sales invoice raised, any amount outstanding and any discrepancies are then investigated. There is no formal record of this reconciliation being performed.

Recommendation two

Self financing students pay in three instalments, after each instalment is due a report is produced identifying students who have not yet paid and a reminder letter is issued. In 2009-10 a new process was established whereby the system would invoice the student when each instalment was due and run a report to identify overdue fees and automatically process reminder letters to be sent. The operating effectiveness of this reminder process control could not be tested as issues with the system implementation meant the first invoices for 2009-10 were not raised and sent until December 2009 and there was no automatic generation of reminder letters. These were later sent out manually by finance staff.

Recommendation three, four

When a staff member submits their resignation a form is completed by human resources and authorised by a more senior staff member. We tested 15 leavers during the year and noted that on one occasion the form was not authorised by the senior human resources assistant as they were on holiday.

Recommendation five

Journal authorisation forms are in place; these are required to be signed by the originator, the processor and the approver. In performing our journal testing it was identified that in some instances there was no authorisation form or when a form was available the originator, processor and authoriser were the same employee. There is a risk that there is not appropriate segregation within the finance department and an increased risk of errors or fraud.

Recommendation six

Governance and risk management (continued)

A capitalisation threshold of £5,000 has been set for plant and equipment, which is reasonable based on the size and nature of the organisation. A review of the plant and equipment additions in the year was performed and a number of items considered to be revenue were identified.

Recommendation seven

In accounting for the impairment of the Priesthill site the release from the revaluation reserve was not made and a corresponding audit adjustment was required. The schedule of reserve balances, allocated to specific assets should be subject to annual review. There is a risk that from not maintaining a revaluation reserve schedule the balance reported in the financial statements will be inaccurate and the annual release will not be monitored.

Recommendation eight

We reviewed the sales invoices raised post year end and a number of invoices were identified as being in relation to work performed pre year end, however the income had not been recognised in 2009-10 financial statements. The invoice requests were annotated as being in relation to 2009-10 however this had not been communicated to the assistant finance manager responsible for posting the journals.

Recommendation nine

We also identified a number of purchase invoices included either in the unapproved invoices provision or within accruals which were not in relation to financial year 2009-10.

Recommendation ten

All recommendations put forward in the prior year were agreed as being implemented.

Governance and risk management (continued)

Internal audit

The approved internal audit programme for 2009-10 has been completed and the internal auditor’s reports reviewed indicating a substantial control environment and minimal recommendations.

Management has continued to report action taken in response to internal audit recommendations to the audit committee and requested internal audit complete a review of previous reports to assess the implementation of recommendations. Of the 53 recommendations originally presented, 50 have been fully completed, two partially completed and one remains outstanding but not beyond the required resolution date.

Best Value / value for money

In accordance with the financial memorandum with the Scottish Funding Council, the Board of Management report and operating and financial review includes a self assessment of the College’s arrangements to achieve Best Value. Internal audit completed two value for money reviews during the year around space utilisation and purchasing & payments. The 2010-11 internal audit plan also includes at least one value for money review.

Appendix one – action plan

Priority rating for recommendations		
Grade one (significant) observations are those relating to business issues, high level or other important internal controls. These are significant matters relating to factors critical to the success of the College or systems under consideration. The weakness may therefore give rise to loss or error.	**Grade two** (material) observations are those on less important control systems, one-off items subsequently corrected, improvements to the efficiency and effectiveness of controls and items which may be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified.	**Grade three** (minor) observations are those recommendations to improve the efficiency and effectiveness of controls and recommendations which would assist us as auditors. The weakness does not appear to affect the availability of the controls to meet their objectives in any significant way. These are less significant observations than grades one and two, but we still consider they merit attention.

No.	Issue and recommendation	Management response	Officer and due date
1	The College currently records and distributes circulars electronically. It is recommended that the College sets out a formal document detailing the date and the title of all the circulars and guidance received, the deadline, the agency the circular/guidance was received from, the responsible person the circular has been assigned to, the date of any reminders that have been sent and the date the response was sent. This document should be easily accessible to all relevant staff. (*Grade three)*	Agreed. The College receives all circulars electronically, on issue from the SFC, and these are both acknowledged, and subsequently assigned to relevant managers, with relevant dates of notification. These steps are therefore recorded electronically, with all communication held in a separate electronic folder. Wider dissemination and sharing of circular receipts, and assignment will be followed up and addressed as part of ongoing reviews of information placed on the College intranet.	PA to the principal January 2011
2	The College did not maintain a record of the reconciliation of SAAS payments received to invoices issued. It is recommended that a formal reconciliation is performed between the amount invoiced by the College and payments received from SAAS to confirm the amount outstanding based on the total number of students registered as SAAS funded students. *(Grade three)*	Agreed. Significant progress, including specific review and discussions, are currently in place for 2010-11 SAAS information, including such a reconciliation. Processes will be refined in forthcoming months.	Director of finance January 2011

Appendix one – action plan

No.	Issue and recommendation	Management response	Officer and due date
3	Due to system problems, student fee invoices and reminder letters were sent out late in 2009-10. The reminder letters had to be produced manually increasing the risk of error. It is recommended that a formal system be put in place for the raising of reminder letters which states the specific dates the letters should be sent to the student. The College should utilise Unit E finance manager to prepare automatic reminder letters for all students with outstanding debt. *(Grade three)*	Agreed. These actions are now substantively in place, with regular review of unit-e Finance manager reports informing both issue of invoices and appropriate reminders.	Director of finance / assistant finance manager December 2010
4	The College introduced unit-E finance manager in the year which led to the late raising of student invoices, with student invoices were not raised until December 2009. It is recommended that the College raises student invoices in a timely basis before the first instalments of fees are due. *(Grade two)*	Agreed. Substantively now in place, with invoices information prepared in line with revised schedule of due dates for student invoices.	Director of finance / assistant finance manager December 2010
5	The College has a delegate who has the authority to sign off HR forms when the senior human resources assistant is on leave. Our sample testing included one instance when this was not completed. It is recommended that staff are reminded to ensure HR forms are countersigned. *(Grade three)*	Agreed.	Director of organisational development January 2011
6	In reviewing the journal file it was evident that in some cases the originator, processor and authoriser were the same employee. It is recommended that there is appropriate segregation of duties with regards to journals, with separate individuals being responsible for processing and authorising the journals to be posted. *(Grade three)*	Agreed.	Assistant finance manager January 2011

Appendix one – action plan

No.	Issue and recommendation	Management response	Officer and due date
7	Review of fixed asset additions showed that the de-minimus level for capitalisation was not being adhered to. It is recommended that the de-minimus capitalisation threshold is adhered to and a standard policy put in place to ensure a consistent approach. Staff should be reminded of the policy and the fixed asset additional ledger code regularly reviewed. *(Grade three)*	Agreed. Recognition should also be made of the necessity of grouping the value of some asset purchases that legitimately comply with the capitalisation requirement . Detail of fixed asset additions takes place on a regular basis to ensure that only appropriate items are included in capital spend.	Director of finance / vice principal (finance and resources) February 2011
8	The schedule used to monitor the revaluation reserve balance was not subject to regular review and update by management. It is recommended that a detailed revaluation reserve schedule is prepared and reviewed on an annual basis. *(Grade two)*	Agreed. Records and updates of the revaluation register are recorded on the finance system on a regular basis. A summary schedule will be presented to director of finance for approval as part of year end cycle.	Director of finance / assistant finance manager February 2011
9	There is no formalised process to review sales invoices for income relating to the prior financial year, resulting in missed accrued income at the year end. It is recommended that a process is established to inform the Finance Assistant Manager of sales invoices raised for prior financial years to allow the necessary journal to be posted. *(Grade two)*	Agreed.	Sales ledger assistant / assistant finance manager February 2011
10	There is a lack of communication between the receiver of goods and services and the finance assistant responsible for processing purchase invoices, resulting in the invoice being processed in the incorrect period. It is recommended that the finance team be given access to receipt information to ensure the invoice is posted to the correct period. The standard invoice approval process should include a check to ensure invoices are posted to the correct period. *(Grade two)*	Agreed. In addition, current progress towards electronic ordering of goods during 2010-11 will reinforce the need for recognition and recording of goods received on the finance system	Purchase ledger officers / assistant finance manager January 2011