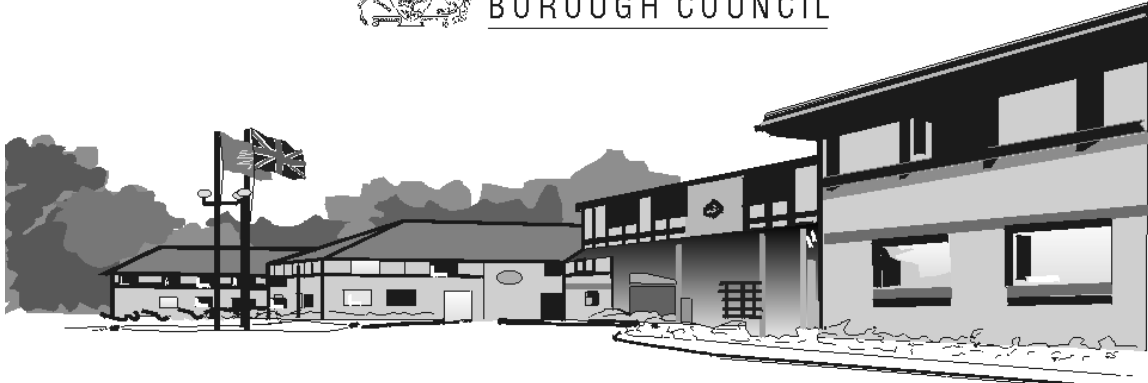




**GEDLING**  
BOROUGH COUNCIL



# INTERNAL AUDIT

# *Report*

*2004-2005*

**Leasing**

Key Financial System

Chris Ellis

January 2005

**GEDLING BOROUGH COUNCIL**  
**INTERNAL AUDIT REPORT**  
**KEY FINANCIAL SYSTEM AUDIT**  
**LEASING**

**C O N T E N T S**

	<b>PAGE</b>
1. Introduction	1
2. Conduct of the Audit	1
3. Executive Summary	2

## **1. INTRODUCTION**

- 1.1 An audit of the operation of leases within GBC has been carried out in accordance with the 2004/05 Audit Plan. The audit concentrated on the payment of lease agreements previously entered into by the Authority and the arrangements made at the end of the lease periods to retain or dispose of the leased items.
- 1.2 Due to changes in the way the Council is now able to fund capital purchases under the Prudential code no lease agreements have been entered into in the current financial year to date.
- 1.3 The audit set out expected controls, reviewed current procedures and identified actual controls in place covering the following aspects:
  - That the process for entering into lease arrangements is adequately controlled.
  - All leased agreements are properly controlled.
  - All rentals are accurately paid.

The Assistant Accountant is responsible for maintaining the lease schedules, completion of the lease draw downs in accordance the capital programme. They are also responsible for the payment of lease rentals and obtaining information and acting on decisions made at the termination of a lease agreement.

## **2. CONDUCT OF AUDIT**

- 2.1 Control matrices were reviewed and expected controls were established. Against these the actual procedures and related controls were recorded.
- 2.2 The current usage of leasing was established and system notes were updated as appropriate.
- 2.3 The current lease schedule was obtained to ensure that all leases were accurately recorded and were subject to adequate control. Testing was undertaken on the payment of existing lease agreements to ensure these were accurately made with no duplication. In addition testing was undertaken on the arrangements made on the termination of a lease agreement. This included review of user department involvement and the function of the lease advisers in the process.
- 2.4 The assistance staff involved in this audit assignment is acknowledged and appreciated.

### **3. EXECUTIVE SUMMARY**

- 3.1. As a result of the work undertaken during the audit, it was concluded that the system for the operation of lease agreements is well controlled.
- 3.2. There were no lease agreements entered into in the current financial year to date and there may well be a reduction in the use of leasing as a method of funding capital purchases in future years. In view of this it is expected that the audit will in future concentrate on ensuring accuracy of payments for existing leases and the arrangements made at the termination of an existing lease agreement.
- 3.3 The audit has concluded that no control weaknesses exist in the current procedures.