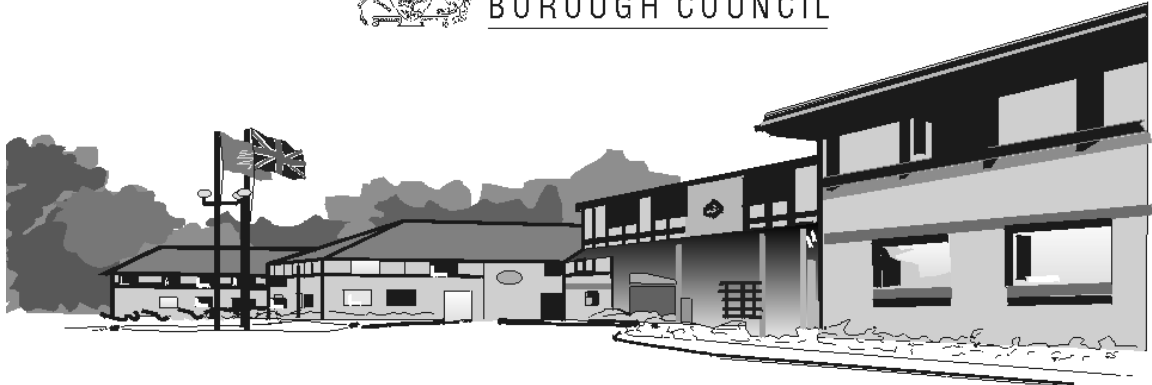




GEDLING
BOROUGH COUNCIL



INTERNAL AUDIT

Report

2005-2006

LEASING

Key Financial System
Suresh Mistry
September 2005

GEDLING BOROUGH COUNCIL
INTERNAL AUDIT REPORT
KEY FINANCIAL SYSTEM AUDIT
LEASING

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1. INTRODUCTION

- 1.1 An audit of the leasing arrangement and operations has been carried out in accordance with the 2005/06 Audit Plan. The audit concentrated on the scheduled payments of the lease agreements and arrangements made on any lease expiry.
- 1.2 Under prudential code the funding of any capital programme has meant that no new lease arrangements have been made in the last two years. Therefore the audit examined records and supporting documents maintained for scheduled payments and any terminations.
- 1.3 The review identified and examined the current procedures, internal controls and lease payments and the options on termination, thereby evaluating the effectiveness in ensuring the control objectives stated below:
 - That the process for entering into lease arrangements is adequately controlled.
 - All leased agreements are properly monitored.
 - Rentals are accurately paid.
- 1.4 The Assistant Accountant is responsible for maintaining lease schedules, register and procedure on obtaining information on termination options and recording all transactions.

2. CONDUCT OF AUDIT

- 2.1 The audit terms as referenced in the Matrix for Leasing and compiled for this assignment were followed.
- 2.2 Discussions were held with the Assistant Accountant to establish the system and procedures that are adopted in leasing operations.
- 2.3 System notes obtained from previous audit and the procedures were reviewed by the Assistant Accountant and notes documented and updated.
- 2.4 Testing was undertaken on the key controls on payments of existing leases to assess compliance and provide assurance that they are operating effectively, with the register updated and reconciliation with FMS.
- 2.5 Testing on the arrangement made on termination of lease agreement and the user department involvement and the advice given by the lease advisers.
- 2.6 The assistance and co-operation of all staff involved in this audit assignment is acknowledged and appreciated.

3. EXECUTIVE SUMMARY

- 3.1. The controls identified by this audit assignment are operating effectively.
- 3.2. There have been no lease agreements in the last and current financial years and the audit concentrated on the payments made on the existing leases.
- 3.3. The audit found the controls in place to be satisfactory and no recommendations are required.

3.4 AUDIT ASSURANCE

As a result of the work undertaken during the audit, it is concluded that the system of leasing arrangements in place are well controlled and the majority of controls are sound and well applied.