

Audit committee Briefing note on difference in deferred income

Explanation of the two reports

Reporting Database – This is a report that is generated using Crystal Reporting tool run at month end and queries the Netregulate reporting database.

Sage – This is a report which is generated from the transactions for the month on registrants' records in Netregulate. The values are calculated using the transaction report with the resulting balance values held in the statement of financial position as deferred income.

At the end of March 2011 there was a difference of £478k between the values recorded on the two reports.

Update on resolving the difference between the two reports

On further investigation it has been discovered that the Reporting Database Report is only looking at current registrant balances.

Items that are not included in the Reporting Database Report but included in the Sage report are:

1. Current value of de-registered registrants – based on a report designed and run by Digital Steps as at 6.45pm 21 June 2011 = £342k
2. Current value of Applicants not yet registered but fund received as at 6.45pm 21 June 2011 = £21k

As we are unable to run these reports retrospectively, we cannot know what the values of the above two items were on 31 March 2011. If we assume that the values are approximately similar this would still leave a difference of approximately £115k.

Next Steps

- Finance is working with Digital Steps to investigate a possible cause of the remaining difference.
- Finance to confirm above approach with NAO to satisfy audit requirements
- Finance to share data from the two new reports with NAO
- Request above reports are run at June month end and Finance to reconcile existing reports with above enhancements.
- Finance to request NAO to review June month end reconciliation.
- Finance to arrange for Digital Steps to create automatic month end process to run amended reports.
- Finance to reconcile report on an on-going monthly basis.