

Chapter 2 - Ordnance Survey Ireland

2.1 Shortcomings in Financial Control

The Appropriation Account for Ordnance Survey Ireland (OSI) for 2001 was submitted by the Accounting Officer for audit on 31 March 2002 – the statutory date by which Appropriation Accounts must be submitted.

During the course of audit it soon became apparent that the Account was materially incorrect. In particular, my staff established that the Account did not agree with the banking records of the Paymaster General and another bank account maintained for the purpose of credit card sales. On enquiry, it became clear that full monthly reconciliations between the accounting records and the banking records had not been performed throughout 2001. Such reconciliations are a fundamental control in the financial management of any organisation.

Over and above the failure to carry out bank reconciliations, certain financial transactions were not being correctly processed in the accounting records due to software problems and some human error.

The OSI, on being notified of the position withdrew the Appropriation Account and set about investigating the erroneous figures.

Following completion of the bank reconciliations and the resolution of accounting errors, the necessary adjustments were made and a revised Appropriation Account was prepared and submitted for audit on 4 September 2002.

My audit established that the revised Account properly presents in all material respects the receipts and expenditure of the Vote for 2001.

As I was concerned about the breakdown in financial control in OSI during 2001, I sought information from the Accounting Officer on the circumstances that gave rise to it and on the action being taken to prevent a recurrence.

The Accounting Officer informed me that in previous years OSI payments for supplies and travel had been administered by the Valuation Office, but that these functions had been taken over by OSI in 2001. Moreover, during 2001, OSI finance staff were participating in planning the legal transition of the organisation from a Government Office to a semi state body which involved a move to accrual accounting, and there was also additional work associated with the Euro changeover. While OSI had increased its staffing to allow for this additional work, including putting in place the necessary professional financial expertise, it was apparent that the overall capability to manage this substantial body of work had been less than fully adequate, especially in the early part of 2001. This was the main reason why anomalies and errors in the accounting records were not always detected and addressed.

The Accounting Officer believes that procedures and processes are now generally robust. However, to obtain full assurance in this respect, OSI has appointed external experts to review them, compare them to external requirements and best practice and to make recommendations in relation to any required changes. It is his

firm intention to implement any recommended changes by the end of 2002.

He informed me that OSI had also been working with the suppliers of its accounting software to resolve residual issues in system functioning. He stated that the bulk of these issues had now been resolved and that the remainder would be resolved by the end of 2002.