

Financial Systems - Management Response

Main Accounting System

Reconciliations

The 2011/12 reconciliation of the Council's bank accounts to the main accounting system is being completed using the new automated Agresso bank reconciliation methodology. The reconciliation as at 31 March 2012 is on track to be completed as part of the normal year end processes in producing the Council's balance sheet.

With regard to payroll reconciliations the above reconciliations will include these and this aspect of the overall reconciliation has been prioritised and is currently anticipated for completion to the relevant period end in early April.

Systems Integrity

Management are confident that the usual controls around CEDAR user access rights persisted until the system was "switched off". All CEDAR user access rights were changed to "read only" on migration to Agresso in order to preserve the integrity and controls of the financial records to end of October 2011. The fact CEDAR did not preserve the previous history around changes to user access highlights is one of the reasons that changing systems was necessary.

Journals and Virements

Controls around CEDAR journals were manual with the issues documented in previous audits. A full audit trail of journals was maintained, including background papers providing reasons for journals, making the whole process very transparent. Agresso forces complete segregation of duties; there is now a defined "raiser" and "authoriser" to every journal.

Similar issues existed around virements in CEDAR which are being addressed in Agresso. As yet the controls are not fully in place and as a consequence no virements have been enacted on the system and therefore there is no breach in the control environment. By default all virements are reported to Cabinet and Scrutiny through MPR.

Accounts Receivable

Authorisations

This issue is noted but going forward under Agresso (from November 2011) there is an electronically controlled list of a vastly reduced number of authorised signatories and in line with constitutional approval limits.

Management Review of Debt Recovery

Debt recovery has been fundamentally reviewed by management with a formal debt management strategy being introduced in 2011. Agresso has been built in line with that strategy with the various implied controls embedded.

Debt Collection Agency

The view was taken that the possible short term reduction in debt recovery by effectively suspending new case referral to the outgoing collection agency was outweighed by service improvements deliverable by the new contract let in 2011 for the incoming three agencies.

System Integrity

The control weaknesses highlight why there was a need to replace the old Accounts Receivable system with the new module in Agresso.

Accounts Payable

Authorisation

From November 2011 and with the introduction of the purchase ordering function in Agresso, Marketplace is no longer used for purchase ordering with the exception of Capita Agency Employee requests where it is the only medium through which agency staff can be engaged. Early indications are that there is an increased usage of purchase ordering throughout the authority than under the old system of Marketplace. The procurement of goods and services process in Agresso is established to provide the appropriate electronic segregation of duties for the approval of orders and invoices.

Management Review

Agresso purchase ordering is an integrated part of the overall ERP system and shares the same supplier database as the core Accounts Payable system. In addition, a fundamental review of the supplier database was undertaken as part of the migration to the new system.

Payroll

Authorisation

Historically, authorisations have been checked against the Authorised signatures list held by the Accounts Payable team.

Actions are in hand to ensure the integrity of this list pending the roll-out of Agresso self-serve which will reduce the need for this list – particularly in schools.

Systems Integrity

Following the reconciliation of HR and payroll data in 2011, it was agreed to focus resources on Agresso implementation which, as a fully integrated system, removes the need for such reconciliations in the future.

Management are confident that the controls around Delphi user access rights and passwords had been resolved prior to the migration to Agresso.

The annual upgrade on the Delphi system was tested by the former Payment Manager and in addition payroll staff have undertaken random checks subsequently.

Management Expectation and Review

The view was taken that time spent on updating procedural notes on the legacy system was better directed to the implementation of the new system.

Whilst some management checks lapsed, monthly summaries and deviance reports have continued.

During month 1 of go live on Agresso, the exceptions and deviation report was enhanced to +/- 10% (previously 30%).