

ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF AUDIT & GOVERNANCE COMMITTEE ON 15 NOVEMBER 2018

PART A : REPORT

SUBJECT: Financial Management System: Post- Implementation Review

REPORT AUTHOR: Vicky Ashmore, Senior Internal Auditor

DATE: November 2018

EXTN: 37359

PORTFOLIO AREA: Corporate Support

EXECUTIVE SUMMARY:

The Council implemented a new Financial Management System (FMS) that went live in October 2016.

A post implementation review of the Accounts Payable module of the FMS was carried out as a result of a request by the Corporate Management Team and the Financial Services Manager, with a report issued in June 2018.

This report is supported by a presentation providing members with an overview of the FMS and more detail on the key findings in conjunction with the associated risks identified during the review.

Improvements identified during the review are included in Appendix 1 to this report.

RECOMMENDATIONS:

The Committee is requested to note the key findings from the review in conjunction with the associated risks and endorse the improvements agreed in the management of the risks identified.

1. BACKGROUND:

- 1.1 On the 7 October 2016 the Council implemented a new Financial Management System (FMS). The option to continue using the previous FMS was considered as part of an options appraisal pre-implementation, however this was considered unsustainable.

The implementation of the new FMS was a significant project and has resulted in savings of £35k per annum as a result of salary and license costs being saved.

1.2 Accounts Payable is a key function of a FMS and refers to money that an organisation owes to its creditors for goods and services. The systems for ordering, receipt and payment for goods and services may represent some of the most significant systems within the organisation. Regardless of the expenditure type there is a need to ensure risks are fully identified, assessed and mitigated by applying robust controls to ensure operations run effectively.

1.3 The replacement FMS is reliant on the three way matching process, designed to highlight any discrepancies in three key documents related to purchasing:

- the Order
- the Received Note (Goods or Services)
- the Invoice.

An invoice is automatically paid if the details of the invoice match the order details and a Received Note has been completed by the Buyer. Therefore it is essential that the correct processes and procedures are followed by users to ensure the system works as efficiently and effectively as possible.

1.4 A post implementation review of the FMS was carried out as a result of a request by the Corporate Management Team and the Financial Services Manager, with a report issued in June 2018.

1.5 This report is supported by a presentation providing the Committee with an overview of the FMS and detail on the key findings in conjunction with the associated risks identified during the review.

1.6 Improvements identified during the review are included in Appendix 1 to this report.

2. PROPOSAL(S):

It is proposed that the Committee notes the findings from the review in conjunction with the associated risks and endorses the improvements agreed in the management of the risks identified.

3. OPTIONS:

To endorse the improvements agreed in the management of the risks identified, or not.

4. CONSULTATION:

Has consultation been undertaken with:	YES	NO
Relevant Town/Parish Council		✓
Relevant District Ward Councillors		✓
Other groups/persons (please specify)		✓

**5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES:
(Explain in more detail at 6 below)**

YES

NO

Financial		✓
Legal		✓
Human Rights/Equality Impact Assessment		✓
Community Safety including Section 17 of Crime & Disorder Act		✓
Sustainability		✓
Asset Management/Property/Land		✓
Technology		✓
Other (please explain)		✓
6. IMPLICATIONS:		
N/A		

7. REASON FOR THE DECISION:

The Committee notes the key findings from the review in conjunction with the associated risks and endorses the improvements agreed in the management of the risks identified.

8. BACKGROUND PAPERS:

This report is supported by a presentation providing the Committee with an overview of the FMS and detail on the key findings in conjunction with the associated risks identified.