



# **FINANCIAL MANAGEMENT SYSTEM Overview & Post-Implementation Review**

**AUDIT & GOVERNANCE COMMITTEE**

**15<sup>th</sup> November 2018**

**Carolyn Martlew: Financial Services Manager**

**Alan Smith: Group Accountant**



- Improvements identified

# FINANCIAL MANAGEMENT SYSTEM Background

£300k original budget

£175k cost

£125k saving over original budget

# FINANCIAL MANAGEMENT SYSTEM Background

Other Benefits:

£35k net ongoing savings

£12k licences & maintenance



# FMS OVERVIEW

- The Budget
- Accounts Payable
- Accounts Receivable



## AUTHORISATION STRUCTURES

- Internal Audit Review 2017/18
  - Summary of findings report presented in February 2018 provided a substantial level of assurance



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139	0000	Professional Training	0	310	0	0	0	0	0	0	
<b>Employees In-Direct</b>			<b>2,300</b>	<b>2,396</b>	<b>2,500</b>	<b>5,218</b>	<b>2,600</b>	<b>2,308</b>	<b>4,810</b>	<b>2,210</b>	
340	0000	Car Allowances	350	98	350	155	350	13	0	(350)	
350	0000	Public Transport	1,100	722	1,100	934	1,000	509	1,400	400	
380	0000	Car Parking	40	40	40	38	40	23	0	(40)	
<b>Transportation</b>			<b>1,490</b>	<b>861</b>	<b>1,490</b>	<b>1,126</b>	<b>1,390</b>	<b>605</b>	<b>1,400</b>	<b>10</b>	
401	0000	Equipment Purchase	0	1,137	0	1,351	0	987	0	0	
403	0000	Equipment Maint	1,750	1,645	1,750	1,882	1,750	0	0	(1,750)	
409	0000	Catering	120	72	120	0	120	0	120	0	
416	0000	Books & Publications	4,550	4,576	4,550	3,510	4,320	3,580	3,900	(420)	
417	0000	Stationery	1,000	478	800	555	800	75	300	(300)	
419	0000	Phone	100	30	100	0	50	0	0	(50)	
422	0000	IS&T Hardware	0	4,139	0	1,254	0	137	0	0	
423	0000	Computer Software	15,000	1,846	15,000	12,538	17,310	14,108	17,800	490	
427	0000	Software Purchase	0	0	0	0	0	0	0	0	
430	0000	Professional Fees	2,700	2,895	2,700	4,151	3,300	163	550	(2,750)	
432	0000	Specialist Fees	1,400	850	1,400	4,800	0	3,000	0	0	
435	0000	Legal Fees/Costs	0	5	0	8	0	12	0	0	
440	0000	Subsistence	400	0	300	6	300	0	0	(300)	



ing Budget

21,283.99  
 758.98  
 (1,372.00)  
 (1,109.35)

109	0000	Salaries: Apprenticeship Levy	N/A	2,340	2,340	2,340	0	1,643.05	(696.95)	696.95
110	0000	IAS19: Pension Adjustment	N/A	0	109,910	109,910	0	109,912.65	2.65	(2.65)
133	0000	Training Expenses	N/A	0	0	0	0	3,994.00	3,994.00	(3,994.00)
135	0000	Staff Welfare	N/A	0	0	0	0	34.00	34.00	(34.00)
138	0000	Seminars	N/A	2,500	2,500	2,500	0	1,190.00	(1,310.00)	1,310.00
<b>Employee Costs</b>				<b>598,410</b>	<b>708,320</b>	<b>708,320</b>	<b>0</b>	<b>690,782.10</b>	<b>(17,537.90)</b>	<b>17,537.90</b>
340	0000	Car Allowances	N/A	350	350	350	0	154.82	(195.18)	195.18
350	0000	Public Transport	N/A	1,100	1,100	1,100	0	833.65	(166.35)	166.35
360	0000	Car Parking	N/A	40	40	40	0	37.90	(2.10)	2.10
<b>Transportation</b>				<b>1,490</b>	<b>1,490</b>	<b>1,490</b>	<b>0</b>	<b>1,126.37</b>	<b>(363.63)</b>	<b>363.63</b>
401	0000	Equipment Purchase	N/A	0	0	0	410	1,351.20	1,351.20	(1,761.60)
403	0000	Equipment Maint	N/A	1,750	1,750	1,750	0	1,681.54	(68.46)	68.46





# ACCOUNTS PAYABLE

- A key function of FMS
- Ordering, receipt and payment for goods and services
- Risks are fully identified, assessed and mitigated
- Compliance with procedures



Order

Received  
Note

Invoice

Payment



# ACCOUNTS PAYABLE

## Statistics on use

- 330 Users
- 8,992 Orders raised
- 94,693 Payment transactions



2017/18 (Full Year)	4,313	c. £33.9m
2018/19 (6 Months)	2,543	c. £7.6m



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2017/18 (Full Year)	46,697	c. £53.8m
2018/19 (6 Months)	24,276	c. £36.5m



# ACCOUNTS RECEIVABLE

- Included within the new FMS
- Accounts Receivable Team
- Internal Audit Review 2017/18
  - Summary of findings report presented in February 2018 provided a substantial level of assurance



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reflective of committed or actual expenditure). This impacts our ability to monitor budgets effectively and could lead to poor financial management/ overspends.

There is evidence that orders are raised on behalf of others (in an administrator role).

This has the potential to circumvent the segregation of duties control on the ordering/ authorisation process (if the true buyer then authorises the order).

The system audit trail does not reflect the true buyer.



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Certain changes in the system do not maintain an adequate audit trail e.g. increasing the value of an order.	Reduced control and a lack of accountability/ responsibility for adjustments/ amendments.
Increasing order values	Poor ordering processes at the outset i.e. costs are not properly known  Changes could result in non- compliance with the Council's Financial and Procurement requirements.





# POST-IMPLEMENTATION REVIEW

## Key Improvements Identified

- Training and Awareness
- System Reports and Monitoring Compliance
- System Changes

