

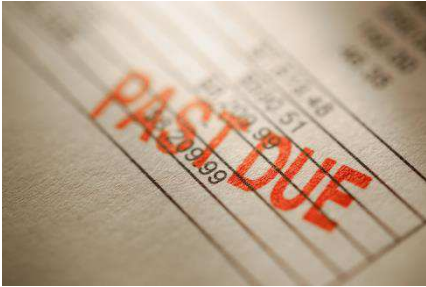


Budget Scrutiny Update

17 July 2018

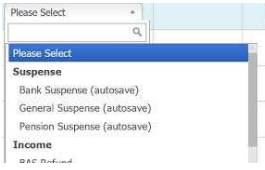
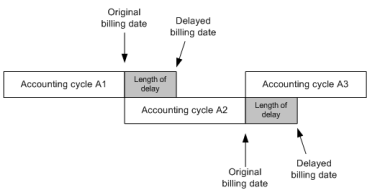
- Live in April 2018 – 9 Sites
- 5 Core Modules
 - HR
 - Payroll
 - Accounts Payable
 - Accounts Receivable
 - General Ledger
- Other Systems
 - Tradeshift Portal
 - Major Upgrade to Radius Icon Cash Receipting
- Major Service Changes
 - Income Processing & Accounts Payable

Delays to Suppliers payments



Reconciliations Outstanding

Late Income Processing



Delayed Debt Recovery

Staff pay errors / delays



Impact on Financial Reporting



HR delays / reporting issues

Accounts Payable Key Issues & Actions

AP - Helpdesk

Accounts Payable Backlog - 12/7		
Pre 12th June	Backlog	2782
	Resolved	1591
	Balance Outstanding	1191
BAU (post 12th June) Outstanding		108
Grand Total Outstanding		1299

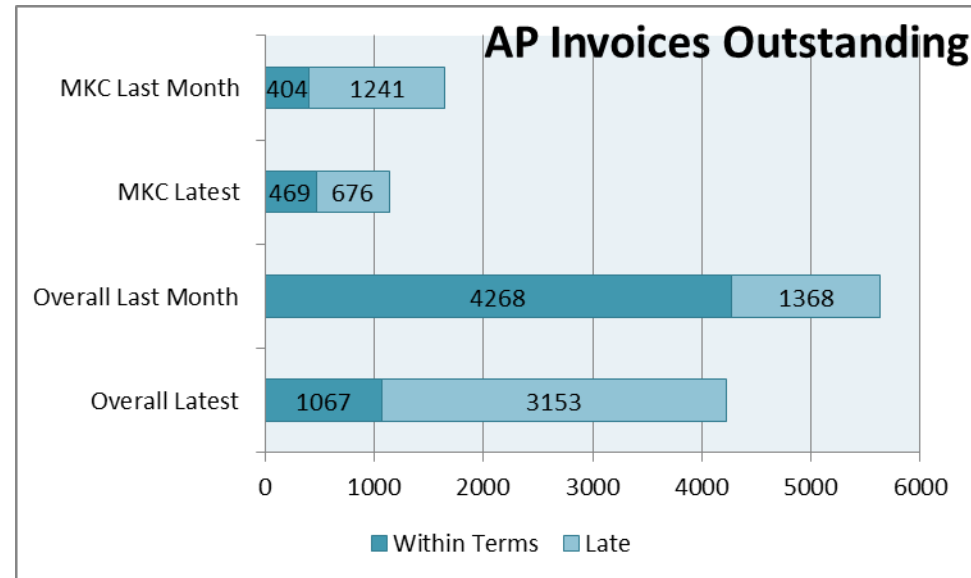
Key Actions:

- 3 additional temporary staff added to team in last 3 weeks.
- Main team dealing with incoming work since 12/6. Backlog dealt with by AP team.

Key Actions:

Interim Head of Transactions and AP Manager recruited end of April.

- Permanent Head of Service started last week.
- Vacancies filled + 3 additional temps
- MKC Exchequer Services Manager retained + 2 redeployed finance staff.
- Daily reporting / action log – 25 Point Action Plan.



Accounts Receivable Key Issues & Actions

Income Backlog

Number Income allocations outstanding 13/07/2018

Client	Mar	Apr	May	June	July	Total
CCC 30		94	245	503	306	1,148
NCC 10		109	110	130	178	527
MKC 50		28	76	152	82	338
OCS 12		12	8	8	15	43
sub total	-	243	439	793	581	1,475
CCC 30 BR	66	16	51			133
NCC 10 BR	115	543	520			1,178
BR total	181	559	571	-	-	1,311
ALL TOTAL	181	802	1,010	793	581	2,786

MKC 700+ items 14/6

Key Actions:

- Re-prioritised MKC debt team to income processing to clear backlog by 31/7 (unposted income).
- CCC LGSS team focusing on new income since July 2018 only, whilst resolving staffing issues.
- 3 new staff recruited in past month by CCC.
- Phased recovery action taking place from next week.
- Invoicing backlog has been resolved, main issues now relate to timely recovery action (income posting issues) and on line debt reporting model (high priority fix)

Value Income allocations outstanding (£) 13/07/2018

Client	Mar	Apr	May	June	July	Total
CCC 30		143,971	418,707	1,416,017	1,504,124	3,482,819
NCC 10		109,328	111,951	161,491	963,452	1,346,222
MKC 50		26,786	325,041	637,562	187,730	1,177,119
OCS 12		57,834	38,502	6,102	314,921	417,359
sub total	-	337,919	894,200	2,221,172	2,970,227	6,423,519
CCC 30 BR	5,359,924	243,184	113,716			5,716,824
NCC 30 BR	2,026,930	187,564,904	34,309,483			223,901,318
BR total	7,386,854	187,808,089	34,423,198	-	-	229,618,141
ALL TOTAL	7,386,854	188,146,008	35,317,399	2,221,172	2,970,227	236,041,660

HR and Payroll Key Issues & Actions

Payroll:

Head of LGSS Payroll has reported that the service is within normal operating performance.

Local experience at MKC suggests that errors continue to exceed normal levels, this is being reviewed by the Head of HR (MKC) and Director of HR (LGSS).

MKC Locally Recorded Pay Errors

April	May
34	28

HR Key Actions:

- MKC,CCC,NCC Business Partner Teams supporting Transaction team on enquiries and transaction processing backlog.
- 25 Top Priority Development Plan agreed.
- Long Standing Administered For Staff issue now resolved.

HR Key O/S Issues:

- Establishment reporting and control not in place.
- Sickness reporting not available.
- Staff contract changes and new starters still taking anywhere up to 3 weeks to action, although this is improving, but still impacting on the business.

General Ledger Key Issues and Actions

Finance Key Issues:

- Delayed period 2 financial reporting due to wider processing issues.
- VAT returns submitted but under recovery due to income processing issues, invoice payment delays and posting errors.
- Reconciliations delayed across the system (43 control accounts / core financial reconciliations to be completed for MKC)
- Set up of chart of accounts was not configured correctly / knock on impact on approvals.

Finance Actions:

- Period 3 reporting being completed, but with significant review due to backlogs although overall position has improved.
- VAT reporting has been improved but under recovery will not be resolved until August VAT return.
- Reconciliations being co-ordinated by the Head of Integrated Finance (LGSS) and expect these to be completed in July for all key reconciliations and control accounts.
- Set up of chart of accounts now resolved.

Key Lessons (MKC Perspective)

- Lack of established processes for operating the new system.
- LGSS staffing resources (vacancies not filled prior to go live, reductions made too quickly, local knowledge not sufficiently embedded as part of the change management process and loss of key staff at go live)
- Insufficient Training for key staff in LGSS finance teams
- Management reporting not in place for go live.
- HR module was not built to the standard needed for MKC as expected requiring manual workarounds and retro fixing.
- IT Resources reduced too quickly, overwhelmed and not able to address issues in a timely fashion.

Getting Back to Business as Usual

Module / Service	Projected BAU
Accounts Payable	Not before the end of July
Income Processing	31/7 target for backlog clearance, new work from August 2018.
Accounts Receivable	31/7 normal processes being operated but staggered due to impact of income posting delays on dunning cycles, will be mid September before full automated BAU is achievable.
HR	TBC
Payroll	At BAU, however a review of payroll performance and accuracy to be carried out.
General Ledger	Earliest period 4 reporting assuming backlogs resolved, reconciliations completed.

QUESTIONS