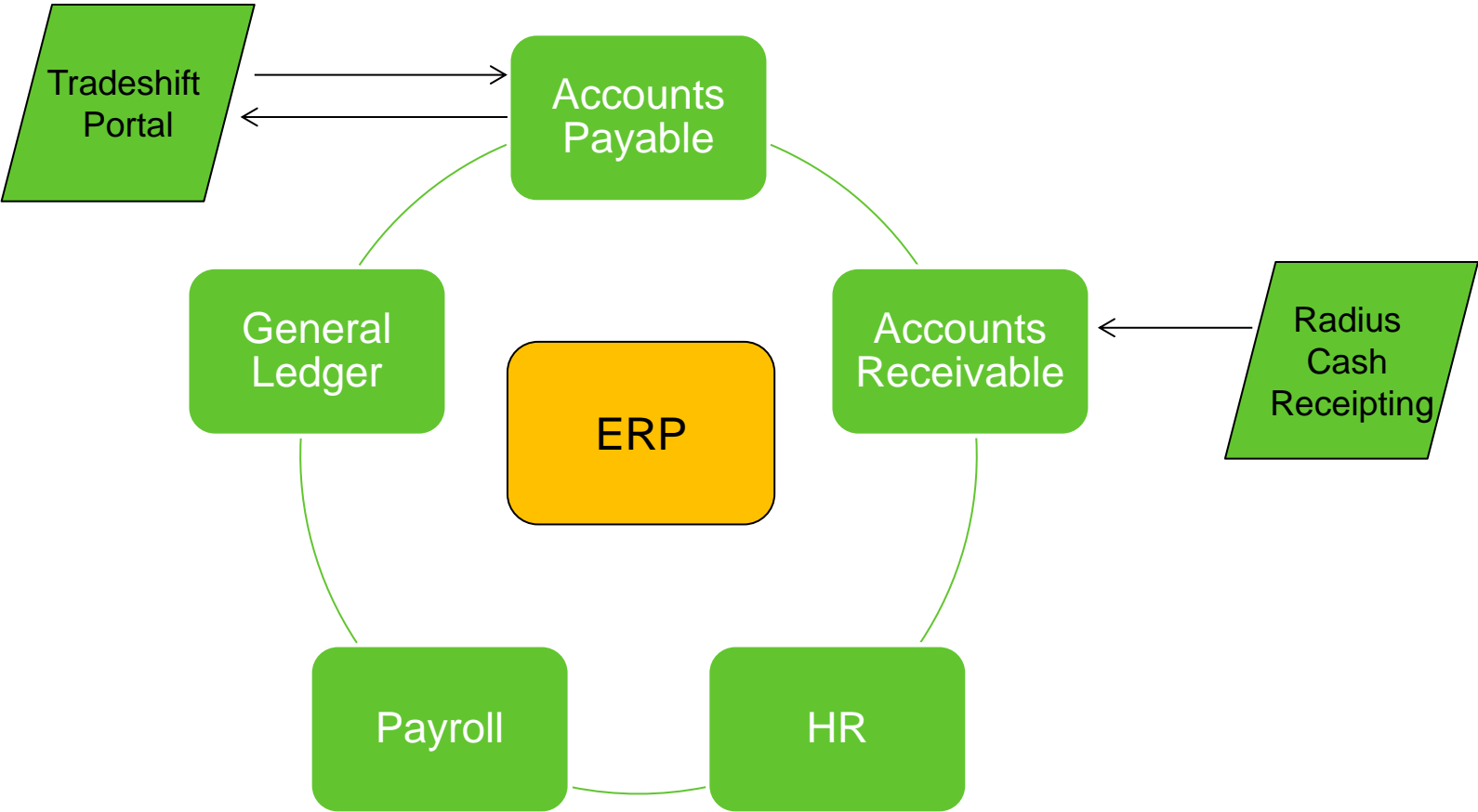




Budget Scrutiny Update

11 December 2018

The ERP System



Challenges – July / November 2018

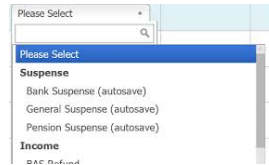
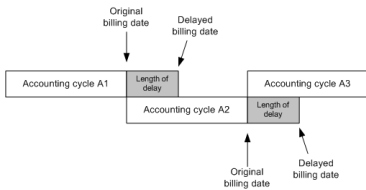
Delays to Suppliers payments



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 Backlog

Enquiries	12-Jul	29-Nov
Helpdesk	667	229
AP Team	397	173
Total	1064	402

Snapshot – Outstanding Invoices

Age	28-Nov		12-Jul	
	No Invoices	£'000s	No Invoices	£'000s
< 30 Days	495	3819	469	1067
> 30 Days	826	1997	676	3153

Key Actions:

- Key staff all in post
- Permanent Head of Service started July 2018
- MKC Exchequer Services Manager retained + 2 redeployed finance staff.
- MKC now supporting CCC Payables on site at CCC in terms of expertise, training and processes.

Duplicates

- 62 Invoices in ERP totalling £190k, of which £19k has been recovered.
- 19 Invoices in SAP (Last Quarter) totalling £65k.

Accounts Receivable Key Issues & Actions

Income Backlog

MKC 338 items 13/7

Number of items in Suspense as at :-			23/11/2018	
Client	Total	0-30 days	30 days +	BAU
CCC Total	683	280	403	400
NCC + OCS Total	767	276	491	430
MKC 50 Daily	666	241	425	300
ALL TOTAL	2,116	797	1,319	1,130

Number of items in Suspense as at :-			23/11/2018	
Client	Total	0-30 days	30 days +	
	£	£	£	
CCC Total	18,109,898	13,877,509	4,232,390	
NCC + OCS Total	15,597,623	12,701,407	2,896,216	
MKC 50 Daily	3,277,481	1,592,154	1,685,327	
ALL TOTAL	36,985,002	28,171,069	8,813,933	

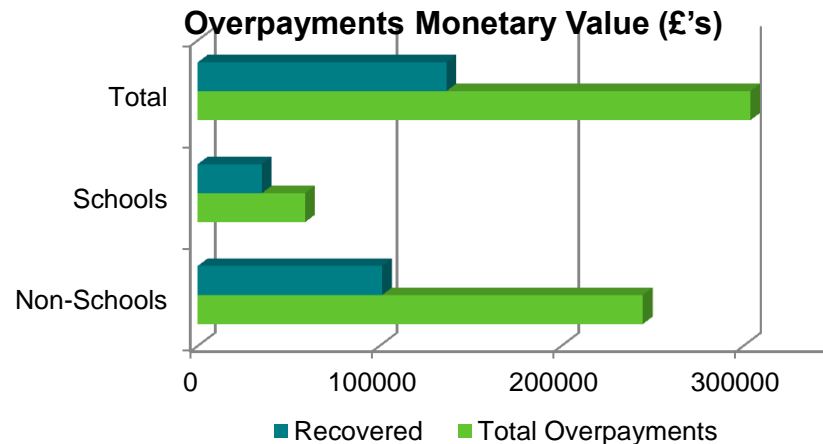
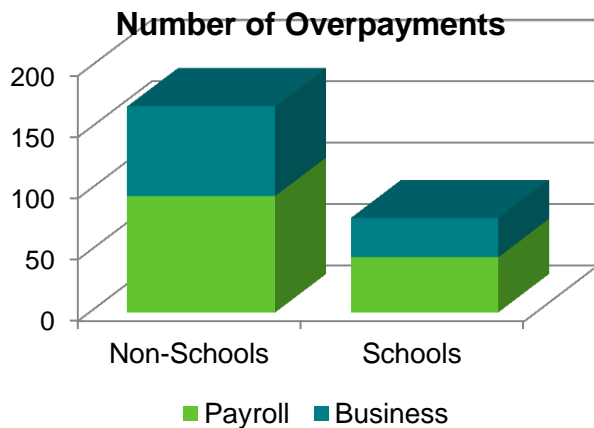
Progress Since July Update

- BAU was anticipated at 31/7. CCC staffing issues resulted in no processing of suspense items in the Autumn with the backlog rising to 928 outstanding items at 9/10.
- Re-prioritised MKC debt team (2nd time) to income processing to clear backlog by mid December.
- CCC have recently recruited 15 new staff to the AR / Income Team.
- Invoicing backlog has been resolved, income issues have delayed further recovery automation – manual override still in place.

HR and Payroll Key Issues & Actions

Payroll Performance Data:

Non-Schools	Apr	May	Jun	July	Aug	Sep	Oct	Total
Number of Emergency Payments	33	63	82	17	58	52	28	333
Number of Overpayments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	168
Number of Employees Paid	2501	2603	2592	2580	2639	2657	2724	18296



HR and Payroll Key Issues & Actions

Progress since July Update:

- Establishment review completed with reporting now live.
- Sickness reporting has been available since November*
- Payroll Control Accounts reconciled.

Key Issues Outstanding:

- Carefree Sickness still not loading into ERP.
- Working patterns still not calculating correctly for complex working arrangements – impacts on the accuracy of annual leave recording and sickness monitoring.
- Reporting still not fully functional, e.g. leavers reporting.

General Ledger Key Issues and Actions

General Ledger

Key Issues:

- Financial reporting is in place with workarounds but issues remain:
 - Processing backlogs
 - Accruals posting errors – ERP error under investigation with Unit 4
 - Reconciliations not up to date and complete
- VAT returns submitted but under recovery due to income processing issues, invoice payment delays and posting errors (under recovery now exceeds £100k).
- 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.

Getting Back to Business as Usual

Module / Service	Projected BAU
Accounts Payable	Not before the end of July [Now End of January]
Income Processing	31/7 target for backlog clearance, new work from August 2018. [Now January 2019 – MKC Only]
Accounts Receivable	Previously reported mid September before full automated BAU is achievable. [Now Mid February]
HR	TBC – Now after Upgrade 2019/20 TBC
Payroll	At BAU but MKC flagged concerns. Now reporting at BAU but service has recognised issues but reporting these are resolved.
General Ledger	BAU expected 31/7. Now TBC following upgrade. Issues to resolve on accruals errors, reconciliations and timeliness of data from other modules due to backlogs.

Governance and Future Development

ERP Programme Board

- Following MKC intervention this has now been re-established and met on 16/11 and will continue to meet each month [will have oversight of ERP, Processes and Service Performance Issues in LGSS.
- Operations Board also set up to meet monthly to address detailed issues and escalate to the main Programme Board.
- Additional resources within LGSS have been made available to support this work.

Internal Audit Assurance Review

Provisional work complete with further work planned throughout 2018/19 whilst the new beds down. Draft briefing issues to S151 officers and NCC Commissioners.



System Upgrade



Project started December 2018 and will continue until 15 March 2019. Essential upgrade for payroll patches and to continue to receive maintenance support from Unit 4.

QUESTIONS