

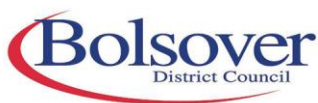
**Bolsover, Chesterfield and North East Derbyshire District  
Councils'**

**Internal Audit Consortium**

**Internal Audit Report**

<b>Authority:</b>	<b>Chesterfield Borough Council</b>
<b>Subject:</b>	<b>Accounts Payable/Invoice Processing Procedures</b>
<b>Date of Issue:</b>	<b>7<sup>th</sup> March 2017</b>

<b>Report Distribution:</b>	<b>Payroll and System Development Manager HR Manager (Arvato)/ Customers, Commissioning + Change Manager CBC/ CBC Client Officer</b>
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## INTERNAL AUDIT REPORT

### ACCOUNTS PAYABLE SYSTEM/INVOICE PROCESSING PROCEDURES

#### Introduction

An internal audit of the operation and control of the Agresso Accounts Payable Module has been completed.

The audit involved a review of: -

- The central control and balancing and payment procedures operated primarily within the Accounts Payable/Invoice Processing Section.
- Examination of invoice processing (batch/web/COINS/1<sup>st</sup>/Team invoices), determining the adequacy of checking procedures, authorisation, and controls

The Construction Industry Tax Scheme was not included within the scope of the audit.

#### Scope and Objectives

The primary objectives of the review were to: -

- Confirm that all necessary key controls are operating effectively (key control areas as indicated below);
  - Only valid invoices are registered and authorised onto the Accounts Payable System
  - Accounts Payable section receive every invoice that has been Registered and Authorised onto the system and ensure accurate completion of coding slip by Services (batch/1<sup>st</sup>)
  - Agresso web/COINS invoices are receipted and logged accurately, confirming adequacy of the process where invoices are outside the agreed tolerances
  - Value of posting to creditors ledger agrees to value of posting to general ledger
  - Value of cheques/BAC's payments equals value of invoices due for payment
  - Value of invoices authorised in any period balances to the postings made in the Agresso System
  - VAT is correctly accounted for both individually and in total
  - Urgent manual payments are controlled and balanced and correctly dealt with
  - The system is monitored and maintained for issues such as:-
    - Review of invoices logged but not authorised for excessive periods
    - Purging of old creditors
    - No payment date specified
    - System documentation/enhancements
    - Performance monitoring

#### Conclusion

The overall conclusion of the audit, based on the controls examined, was that the reliability of the internal key controls operating within the Agresso Accounts Payable module was assessed as **marginal** (A number of areas have been identified for improvement).

It is noted that the Agresso web has still not been rolled out throughout the Authority with the largest section not utilising the Agresso web module being Kier.

At the time of the audit the recruiting process to replace the Team Leader who left in December 2016 was being undertaken. In the interim period the Accounts Payable Clerk (DDDC) and Clerical Assistant have been undertaking some of the duties performed by the previous Team Leader (i.e. weekly payment runs).

Areas reviewed during the audit and other matters arising are detailed in the following report.

## **Findings and Recommendations**

### **Previous Audit Recommendations**

1. The previous audit made a number of recommendations which the Arvato Site Manager considered that discussion and clarification were required with the PPP Client Officer.
2. Consequently a number of meetings have been held and some progress has been made on the majority of previous audit recommendations
3. The previous audit contained three recommendations, None of these are fully resolved, one has been implemented however further development is required and consequently the recommendation is reiterated later in the report
4. The current progress of the previous audits three recommendations are as follows:
  - It was agreed that all errors that would have resulted in an incorrect payment would be recorded however currently the only record is a departmental error log; this contains errors made by the requisitioners for Agresso web. No Batch, first housing, team sigma or British gas errors were recorded.
  - It was agreed during previous audits that when a supplier's bank details are changed contact would be made with the supplier and a letter would be sent out to confirm the changes. As at the time of the audit it was confirmed that not all the required phone calls are being made and that currently letters are being sent out for bank changes that occurred 3 months ago.
  - It was agreed that additional measures would be brought in to increase the accuracy of the BVPI coding, currently these have been partially addressed:
    - A new BVPI code was introduced. (BVPI 9 – Awaiting new supplier details)
    - The BVPI reports are being sent to agresso authorisers so that any issues can be resolved, this is also sent to the client officer.
    - Currently when invoices are deleted and re-entered into agresso there is no reason or evidence kept.
    - From a sample of 17 invoices tested 4 (24%) of BVPIs were not coded correctly or had no evidence to show it as delayed in department.

<b>Recommendations</b>	
<b>R1</b>	<p>It is recommended that</p> <ul style="list-style-type: none"> <li>• <b>All</b> errors identified on checking that would have resulted in an incorrect payment will have details recorded including amount i.e. web, batch, COINS, 1<sup>st</sup>, Team Sigma, British Gas</li> <li>• <b>All</b> duplicate/incorrect payments to be recorded on incorrect payments log.</li> </ul> <p>The existence of these error logs / duplicate/incorrect payments records should be brought to the attention of all AP/IP staff. <b>(Priority: High)</b></p>
<b>R2</b>	<p>As recommended in the previous 2 audits it is essential that when an amendment to supplier bank details is completed that the supplier is contacted to confirm that correct details are being updated (this should be recorded), following this a letter should be sent out confirming the change in details. It was evidenced in the audit that this is not being completed. <b>(Priority: High)</b></p>
<b>R3</b>	<p>As recommended in the previous audit it must be ensured that the BVPI coding classification is accurate, specifically 'delayed in department' with adequate evidence to validate the classification <b>(Priority: Medium)</b></p>

5. At the time of the last audit four recommendations were still outstanding from the 2014/15 audit, a review of these recommendations evidenced that 2 of these has been implemented correctly:
- It was agreed that reports were to be sent out regularly to agresso authorisers detailing any invoices currently delayed in department and that reminder emails would be sent to the relevant authoriser with the client officer being copied in.
    - Current reports detail invoices that have been posted only
    - Invoices that are not posting and the reminder emails are not being sent to the client officer as agreed.
  - It was agreed that liaison should occur between Arvato and the client officer to establish responsibility in respect of any late payment claims that the authority may receive. It has been agreed that any late payment claims will be reviewed on a case by case basis.
  - It was agreed that the BVPI8 reports (detailing historical invoices delayed in department) are sent to the client manager so that any queries can be escalated and that reasons for delays would be recorded, currently the client officer is receiving the relevant reports however reasons are still not being recorded for delays, this was dealt with in a more recent recommendation. **See Para 4, R3**
  - It was agreed that a newly created agresso excelerator report (a spreadsheet version of the unconfirmed batch and web reports which includes additional information to help identify why invoices are not posting) created by the systems administrator would be regularly reviewed and sent to the client officer however the current AP staff were not aware of these reports.

<b>Recommendations</b>	
<b>R4</b>	Where invoices are not correctly posting, Invoice processing should investigate to understand why they are not posting and appropriate action taken with details being recorded, this should incorporate an annual housekeeping exercise to review any invoices which are outstanding in excess of a predetermined period. In addition to this an escalation policy should be devised with the client officer. <b>(Priority: Medium)</b>
<b>R5</b>	It should be ensured that the Agresso excelerator report created for AP is utilised and reviewed, this should also be regularly sent to the client manager as previously agreed. <b>(Priority: Medium)</b>

## **Invoice Processing**

6. A sample of 50 invoices processed covering all payment types (Batch processing 12; Agresso web 22; Team Sigma 2; COINS 10; 1<sup>st</sup> Housing 2, British Gas 2) and a range of Council Services was examined
7. The above sample was examined ensuring:
  - Approved by an authorised signatory
  - Invoice addressed to CBC
  - VAT invoice (where applicable)
  - Completeness/accuracy of coding slip completion (where applicable)
  - Invoice details traced to originating order (where applicable)
  - Further approval in instances where web invoices are outside tolerances
8. Examination of the above identified that of key controls operating that:-
  - 100% of invoices had been appropriately authorised
  - 100% of invoices had an order issued (excluding utilities / contracts)
  - 100% of invoices confirmed receipt of good/service
  - 100% of orders had payment details recorded
 (no change to previous audit)
9. It was confirmed that invoice processing undertake appropriate remaining checks on invoices prior to payment which include:
  - Confirm invoice addressed to CBC
  - Correct supplier being paid
  - Confirm invoice/credit note
  - Accuracy of gross amount
  - VAT applied accurately
  - CIS applied accurately and where appropriate
10. Agresso web invoices are on completion of the above checks manually 'posted' (i.e. ready for payment on the next payment run subject to the supplier terms)
11. From a review of "received dates" being detailed in the Agresso system for Agresso Web invoices it was identified that for 2 out of the 22 invoices the incorrect received date had been used. Both invoices had been scanned into the system prior to the date being input as received.

- Voucher reference 20067399 was date stamped and recorded as being received by the AP section on 14/11/2016 however had actually been scanned into the system 09/11/2016.

<b>Recommendations</b>	
<b>R6</b>	Agresso web electronic invoices must be date stamped when received, prior to them being scanned to ensure the correct received date is evidenced and the correct date as being received by the authority is recorded within the Agresso system ( <b>Priority: High</b> )

### **Creditor Payments Section - Controls**

12. Within the AP/IP Section there is a division of duties within the structure. The Team Leader (Chesterfield) undertaking the BACS transmission/cheque run, in instances where this is not possible the task is undertaken by the Accounts Payable Clerk (Derbyshire Dales) with further back up provided by the appointment of a Senior Payroll Clerk - hence retaining a division of duties between staff inputting invoices and actual payment.
13. A review of the system documentation for the AP department revealed that where this did exist the staff were not aware of where it was and these had not been updated recently (Procedure for posting agresso web invoices was last updated in 2012). The Expenditure Assistant (Derbyshire Dales) has created a folder with certain procedure notes for his reference.

<b>Recommendations</b>	
<b>R7</b>	Procedural Documentation should be formalised and reviewed annually. All staff should be aware of it location. ( <b>Priority: Low</b> )

14. Examination of control sheets for the period 31<sup>st</sup> October 2016 to 27<sup>th</sup> November 2016 (weeks 31 - 34) identified that approval boxes are being appropriately signed.
15. It was confirmed that individual invoice checks within the creditor payments section in respect of batch invoices are continuing (e.g. total per invoice agrees to total on coding slip/interface report/screen check.).
  - It was evidenced that a batch header from August 2016 was brought to the attention of internal audit, the batch header shows that all the correct checks were completed and all the vouchers were ticked to show they have been checked however one of the voucher amounts was incorrect by £10,000. If the vouchers had been added up correctly and the checks had in fact been completed this would have been noticed and corrected.  
**See Appendix 1**
16. Invoice details and total are agreed to the batch header (where applicable).
17. In the testing of batch invoices it was evidenced that the invoice coding slip checks (completed by the Accounts Payable section) had been signed as evidence of checking invoices to the batched transaction report.
18. Weekly reports are obtained which detail invoices remaining on the system and not being paid (Batch and web).

19. In respect of the unconfirmed invoice report (Web invoices) this is being obtained and reviewed by AP Staff. The system administrator has devised a more comprehensive report (excelsator report) to assist AP, which they can sort to identify invoices which should have been processed and investigate these, It was identified that AP staff were not aware of this report. **See R5**
20. At the time of the audit there were 2 invoices with an invoice date of pre 1<sup>st</sup> April 2016 detailed on the unconfirmed batch report, it was identified that these have already been paid and should be removed from the system. **See R4**
21. Reasons for batches not processed are recorded e.g. Batch received after deadline.
22. Discussion with Accountancy ascertained that budget holders have access to an enquiry which will enable them to view outstanding requisitions/orders within their portfolio.
23. The record of 'errors'/incorrect payments by Services had been reintroduced during the previous audit. A further log of errors relating to errors on orders (restricted to web invoices) e.g. incorrect supplier number used is also being maintained. A manual record book is used to record order errors identified by the processing of COINS invoices. There is no evidence that any errors detected by AP/IP with regards to the processing of Batch, First Housing, Team Sigma or British Gas invoices are being documented or recorded. **See R1**
24. It was agreed during the course of the previous audit that the error spreadsheet would be adjusted to reflect all incorrect payments and across all payment categories. **See R1**
25. Although no evidence has come to light of any duplicate or incorrect payments made by the AP section the incorrect payments log had to be brought to the attention of AP staff and access to the spreadsheet (access restricted by the previous Team Leader) requested from the IT department.
26. It was confirmed that the system duplicate payment warning parameter is set at "Supplier invoice number" and that there has been no change to the tolerance level (currently at 2.5%).

### **Supplier Maintenance**

27. Users request amendments to supplier maintenance fields by authorised request forms, which are submitted to the accounts payable section who action the amendment/create the new supplier.
28. Examination of a sample of supplier maintenance request forms confirmed that with the exception of 2, that these were appropriately authorised. The 2 not authorised appropriately were brought to the attention of the Team Leader (Chesterfield) to ensure appropriate authorisation sought.

29. In respect of changes to suppliers bank details, it was confirmed that the internal check by one member of the creditor section inputting the change and another member confirming the accuracy of input is occurring by a review of supplier maintenance forms.
30. In instances where the amendment is from an internal source, the check is to ensure the amendment is appropriately authorised, where it is direct from a supplier it is confirmed that the request is genuine by initially telephoning the supplier prior to the change being initiated followed by a letter to confirm the change has taken place. This check is not taking place. **See R2**
31. Evidence of 'scams' whereby individuals are fraudulently requesting supplier bank detail changes continues, with the Authority being subject to a recent request and suppliers notifying the AP section of similar attempts hence it is essential that a high level of vigilance is observed.
32. A full purge of suppliers has been undertaken by the System Administrator earlier in the financial year (July 2015) resulting in the closure of 7,752 accounts leaving 3,725 active suppliers. This task was a one off task to increase performance of the software.

Recommendation	
<b>R8</b>	Consideration should be given to an annual review of suppliers to ensure that any old and duplicate supplier accounts are closed if not needed. <i>(Priority: Low)</i>

### Cheque Despatch Procedures

33. It was confirmed that the cheque logging record sheet is being appropriately completed (continuation of sequential serial numbers, cheque numbers, feeder system totals reconciled to cheque producing system totals and numbers despatched balanced).
34. The period 31<sup>st</sup> October 2016 to 27<sup>th</sup> November 2016 (weeks 31 – 34) was examined and it was confirmed that recording/despatch details for this period were recorded.
35. All issues in the period examined being fully accounted for.

### Reconciliation Procedures

36. As part of the audit it was ensured that as at 10<sup>th</sup> February 2017 that the general ledger reconciled to the accounts payable ledger.
37. In addition the System Administrator undertakes regular reconciliations and maintains a record of these.



## Key Performance Indicators/Compliance with the Late Payment of Commercial Debts Act 1998

38. For the sample of invoices examined, no Late Payment penalties were evidenced. Discussion with the AP department confirmed that late payment penalties have been imposed on the Council however these get coded with the invoice meaning that individual tracing of these is not possible.

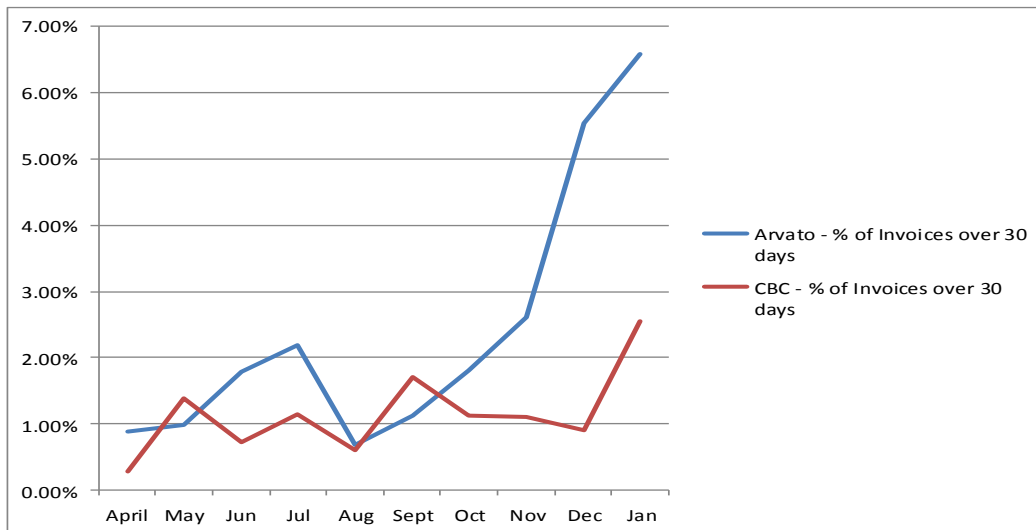
Recommendation	
<b>R9</b>	Discussion should be held with the aim of creating an account code for late payment charges to ensure that they are identified and analysed to establish responsibility of payment. <b>(Priority: High)</b>

39. The Performance Indicator (IP1) "percentage of invoices paid within 30 days" is being utilised as a dual PI, in that it is also a PI target for the PP partner Arvato in addition to ensuring suppliers are paid within 30 days of receipt of invoice.
40. It should be noted that 30 days is the default period which applies in Late Payment Law.
41. A change to the Late Payment Law in March 2013 which in summary, is if a public authority does not pay an invoice within 30 days of receipt it is obliged to automatically pay the supplier the outstanding amount that includes, daily interest for every day payment is late based on 8% above the Bank of England Base Rate (giving a combined rate of 8.5% currently), plus a fixed amount for recovery costs. This potentially could result in significant costs to the Authority/Arvato.
42. The Arvato performance indicator (invoices paid within 30 days) in respect of December and January are detailed below. The variance between the Arvato and CBC figure is attributable to the removal of invoices paid outside the 30 day parameter which was as a result of 'a delay in department'.

<u>Month</u>	<u>% Invoices on target - monthly</u> <u>(i.e. paid within 30 days)</u>			
	<u>Arvato</u>		<u>Authority: CBC</u>	
	<u>Month</u>	<u>YTD</u>	<u>Month</u>	<u>YTD</u>
January 2017	93.42%	97.73%	90.88%	96.63%
December 2016	94.45%	98.18%	93.54%	97.22%

43. Analysis of the current year of CBC and Arvato's percentage of invoices over 30 days revealed that the percentage of invoice over 30 days has increased over the last 6 months:

<u>Month</u>	<u>% Invoices over target - monthly</u> <u>(i.e. paid within 30 days)</u>	
	<u>Arvato</u>	<u>CBC</u>
January 2017	6.58%	2.54%
July 2016	2.20%	1.14%



44. A sample of 17 invoices was examined to confirm validity of the current BVPI classification. This identified four invoices incorrectly classified (1 which was coded incorrectly and 3 which have no evidence to confirm the status).
- **20062507** – Invoice was labelled as BVPI1 however was registered on FMS as BVPI2.
  - **10502510** – No details why it was delayed in department
  - **20067053** – Invoice was received on 14/10/2016 however was not registered until 07/11/2016
  - **20059977** – Invoice was deleted and reregistered, no reason or notes.
45. In respect of AP1 (Processing times for council tax, NNDR and Benefits cheque runs within 24 hours of payment file received), the KPI statistics for November 2016 were sampled as evidenced as correct (100% payments made on time against a target of 97%).
46. A review of AP2 (return of CIS to HMRC within timescale) and AP3 (Payment of CIS to HMRC within timescale) was completed and it was evidenced that in September an element of CIS was not paid over correctly to HMRC, a late payment penalty was received. After a conversation with the Payroll and Accounts Payable manager it was established that if a late payment penalty is issued neither of these KPIs are achieved. This should have resulted in the KPIs not being achieved however currently these are showing as achieved.
47. It was evidenced that the last time AP4 (payment to correct supplier) was monitored was in October 2016, since then the KPI recording spreadsheet has not been updated.

Recommendation	
<b>R10</b>	It should be ensured that the monitoring of AP4 (Payments to incorrect suppliers) is resumed. <b>(Priority: High)</b>

48. In respect of AP5 (Invoices received by 9.00 am on Thursday to be paid on following Monday payment run), it is noted that since April 2013 this is no longer reported, following a change request and approval by the Client Manager

## System Security and Backups

49. All systems are adequately backed up on a daily basis, this was evidenced during the ICT Network security audit
50. It was identified that when remittance advice is sent to supplier it is sent using the Microfax system, this system is currently required to be on for around 20 hours per week for the system to complete the remittance faxing. This system currently runs on Windows XP
51. It was established within the ICT Network security audit that the council was granted PSN compliance in 2014/15 on the condition that all windows XP machine were removed.
52. A conversation with the systems accountant revealed that discussions have previously been held between CBC and Arvato with options provided for new systems however currently no further action has been taken.

Recommendation	
<b>R11</b>	It is essential that a new remittance system is introduced with the removal of the outdated system. <b>(Priority: High)</b>

## Passwords

53. It was established that the password and access levels have been determined on an authorisation group system i.e. all individuals within a specific group have the same access levels.
54. It must be ensured that the varying access levels in respect of employees responsible for Accounts Payable functions and Invoice processing functions are retained to maintain an adequate segregation of duties.
55. User passwords expire after a specified length of time (60days), at which stage the system automatically instructs users to change their password.
56. Passwords are restricted to a minimum of eight characters with a maximum of sixteen characters.
57. It was confirmed that all user passwords are user specific.
58. It is noted that service type users have been created in respect of the purchase ordering module/sales orders, however these have no access rights what so ever. (Created as a result of Agresso version 5.5 utilising master user lists for tasks, hence to indicate service have to utilise drop down menu and select e.g. POM)

## Acknowledgement

59. The assistance of Accounts Payable/Invoice Processing staff during the audit is gratefully acknowledged.

# CHESTERFIELD BOROUGH COUNCIL

## Accounts Payable Batch Header Form

Report Order No. 37339

BATCH ID

HOU 36878

(Dept Code & Sequential No.)

Vouchers Entered By

SUSAN WALL SEM

(Print Name & User I.d.)

	Voucher Number	Gross Value			Voucher Number	Gross Value	
		£	p			£	p
01	10499004	450	00	/	16		
02	10499005	252	00	/	17		
03	10499006	327	52	/	18		
04	10499007	928	48	/	19		
05	10499008	*1250	00	incorrect input *11250	20		
06	10499009	500	00	/	21		
07	10499010	1250	00	/	22		
08	10499011	26	57	/	23		
09	10499012	91	20	/	24		
10					25		
11					26		
12					27		
13					28		
14					29		
15					30		
		TOTAL £ 5,069.77					

### DEPARTMENTS USE ONLY

Date Batch Completed

4/18/16

Total Value of Vouchers

15069 77

Date Batch Submitted to AP

4/18/16

Total Value Posted

15069 77

These Two Totals Must Agree

### ACCOUNTS PAYABLE USE ONLY

Batch Received on

4/18/16

CIS Tax Checked By

B Lloyd

Batch Confirmed on

5/18/16

Batch Confirmed by

NA - 5/18/16

### Internal Audit Report – Implementation Schedule

<b>Report Title:</b>	Accounts Payable/Invoice Processing Procedures	<b>Report Date:</b>	7 <sup>th</sup> March 2017
		<b>Response Due By Date:</b>	28 <sup>th</sup> March 2017

Recommendations	Priority (High, Medium , Low)	Agreed	To be Implemented By:		Disa gree d	Further Discussion Required	Comments
			Offic er	Date			
<b>R1</b> It is recommended that <ul style="list-style-type: none"> <li>• <b>all</b> errors identified on checking that would have resulted in an incorrect payment will have details recorded including amount i.e. web, batch, COINS, 1<sup>st</sup>, Team Sigma, British Gas</li> <li>• <b>all</b> duplicate/incorrect payments to be recorded on incorrect payments log.</li> </ul> The existence of these error logs / duplicate/incorrect payments records should be brought to the attention of all AP/IP staff.	<b>H</b>	Yes for incorrect payments to supplier	KG / LEH	Oct 17		For incorrect payment corrected prior to payment; further investigations required as to extent over next 3 months; then findings to be reviewed for best process going forward with reduced resources	For info – AP Team Ldr left abruptly early Dec16 with previous periods of absence; new AP Team Ldr in post 13.03.17. Incorrect payments to suppliers – differing logs previously completed but may have lapsed in last 6 mths; central log instigated 20.03.17 & controlled by new AP Team Ldr. Regarding recording errors corrected before payment, at present no log exists (although previously advised was in place). Further investigations required by AP Team Leader to confirm extent of this requirement as 3 stage robust checking process

Recommendations	Priority (High, Medium , Low)	Agreed	To be Implemented By:		Disa gree d	Further Discussion Required	Comments	
			Offic er	Date				
							in place within AP to correct any human error on routine input tasks and/or system errors.	
<b>R2</b>	As recommended in the previous 2 audits it is essential that when an amendment to supplier bank details is completed that the supplier is contacted to confirm that correct details are being updated (this should be recorded), following this a letter should be sent out confirming the change in details. It was evidenced in the audit that this is not being completed.	<b>H</b>	Yes	KG / LEH	Jun 17		Slight modifications to Audit's suggested process ongoing, with response back to Audit from AP Team Ldr	Evidence supports this was in place up to 6 mths ago, & team have prioritised delivering payruns in absence of AP Team Ldr in last 3 mths. Going forward process to be clarified between AP Team Ldr & Audit; & new central log to be trialled for 6 mths controlled by AP Team Ldr.
<b>R3</b>	As recommended in the previous audit it must be ensured that the BVPI coding classification is accurate, specifically 'delayed in department' with adequate evidence to validate the classification	<b>M</b>	Yes (if possible to identify)	KG / LEH	Oct 17		Detail required by Audit may not always be known to AP; further investigation required within AP team	Comment "Delayed in dept" continues to be recorded on invoice with accompanying date; however due to a variety of reasons currently not always known to AP staff, level of further detail is difficult to add, in light of volumes processed & deadlines. Further investigations required within AP; in interim 2

Recommendations	Priority (High, Medium , Low)	Agreed	To be Implemented By:		Disa gree d	Further Discussion Required	Comments	
			Offic er	Date				
							resources allocated to reviewing pending invoices on weekly basis & implemented w.c 20.03.17.	
<b>R4</b>	Where invoices are not correctly posting, Invoice processing should investigate to understand why they are not posting and appropriate action taken with details being recorded, this should incorporate an annual housekeeping exercise to review any invoices which are outstanding in excess of a predetermined period. In addition to this an escalation policy should be devised with the client officer.	<b>M</b>	Yes as R3 (but annual task may not be required)	KG / LEH	Oct 17		CBC to draft their requirements for escalation policy for Arvato to approve	Response incorporates R3 responses, plus any annual housekeeping exercise may not be required if outstanding reviewed on weekly basis. Escalation policy – previously any considerable issues raised by supplier as a result of client have been raised via Arvato Site Director to CBC Client Manager.
<b>R5</b>	It should be ensured that the Excelerator report created for AP is utilised and reviewed, this should also be regularly sent to the client manager for review as previously agreed	<b>M</b>	Yes for running report	KG / LEH	Oct 17		Training required; then review reporting requirement	Report provided to previous Team Ldr but not identified to other team members. New Team Ldr now aware of report, training requested from Accounts in order to run & understand fully before any reporting

Recommendations	Priority (High, Medium , Low)	Agreed	To be Implemented By:		Disa gree d	Further Discussion Required	Comments	
			Offic er	Date				
							requirements can be formalised. In interim period, new report set up for Team Ldr to identify "pending" invoices & in operation to resolve errors (human & system).	
<b>R6</b>	Agresso web electronic invoices must be date stamped prior to them being scanned to ensure the correct received date is evidenced and the correct date as being received by the authority is recorded within the Agresso system	<b>H</b>	Yes	KG / LEH / ICT	Oct 17		KG raised call with ICT 22.03.17 regarding scanning risk	Incident identified Nov16 within this audit has highlighted risk of sole team member created for scanning process. Receipt stamping of invoices to be reviewed; initial investigations identify 2 stamps should be evident – 1 <sup>st</sup> date from supplier (then sent to client) & 2 <sup>nd</sup> date rec'd back in AP (from client) – review ongoing.
<b>R7</b>	Procedural Documentation should be formalised and reviewed annually. All staff should be aware of it location.	<b>L</b>	Yes	LEH	Apr 18			Evidence supports each team member has developed own process notes, with previous Team Ldr's in various hard copy versions, & numerous versions held within central AP folders



Recommendations	Priority (High, Medium , Low)	Agreed	To be Implemented By:		Disa gree d	Further Discussion Required	Comments
			Offic er	Date			
							available to whole team. New Team Ldr to collate into 1 working manual for AP in central folder.
<b>R8</b>	Consideration should be given to an annual review of suppliers to ensure that any old and duplicate supplier accounts are closed if not needed	<b>L</b>	Yes – but should Arvato be responsible for this?				As Client is administrator of Agresso, should this be task performed by CBC Accounts?  Examples provided in audit for 2012/2013 had been escalated to Clients Agresso Administrator on various occasions by DDDC Team Ldr without response. Identified from weekly Unconfirmed Batch report which is reviewed by AP. Previous review of old/duplicate supplier accounts performed by Clients' Agresso Administrator 2 years ago & agree task is required again.
<b>R9</b>	Discussion should be held with the aim create an account code for late payment charges to ensure these are adequately recorded	<b>H</b>	Yes – agree account code required	KG / LEH	Jun 17		Client to create account code & advise Arvato / Client users  Allocating late payment charges on invoice either responsibility of Client's originator, or AP if identified on invoice. Account code to be requested from Accounts Administrator.
<b>R10</b>	It should be ensure that the	<b>H</b>	Yes	KG /	Mar		This lapse by previous

Recommendations	Priority (High, Medium , Low)	Agreed	To be Implemented By:		Disa gree d	Further Discussion Required	Comments
			Offic er	Date			
monitoring of AP4 (Payments to incorrect suppliers) is resumed			LEH	17			Team Ldr has now been corrected; going forward central record in place by new Team Ldr & announced to team all errors to be identified (see R1) which in turn will be reported monthly for KPI AP4.
<b>R11</b> It is essential that a new remittance system is introduced with the removal of the outdated system	<b>H</b>	<b>Yes – agree required but funding discussion required at senior level</b>				Funding discussion submitted to previous Site Director; KG requested again verbally 28.02.17 – still outstanding – in order to submit to Snr Management.	System change required for Agresso. AP continue to identify missing emails & recording on original outstanding list supplied from Agresso Administrator. Updates of list supplied to client to load in last 2 years; but unsure if actioned. Therefore to reduce 100+ remittances issued by Arvato each week (including resource time & postage costs), AP Team Ldr to schedule team to input emails identified direct to Agresso with aim to reduce Arvato's growing

Recommendations	Priority (High, Medium , Low)	Agreed	To be Implemented By:		Disa gree d	Further Discussion Required	Comments
			Offic er	Date			
							workload for this task whilst senior discussions continue.

Please tick the appropriate response (✓) and give comments for all recommendations not agreed.

Signed Head of Service:	K Harley	Date:	24.3.1017
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