Deloitte - Data Insights into Accounts Payable Report - March 2010

Action Plan

Test No.	Test Name/Description	Test Outcomes	Initial Response	Action To be Taken	Priority	Responsible Officer	Target Completion Date	Ongoing Monitoring Arrangements	Report Wishlist
Test 1	Potential duplicate Invoices within SAMIS (18m period)	562 Exact matches on Inv ref, £, Inv Date and 340 fuzzy matches on similar Inv ref, £, Inv date.	If all these were proven to be true duplicates the amount recoverable would be £471k. However there are a number of false postives which can be removed.	1) remove known false positives e.g. grant claims and instalment payments 2) investigate what's left for real duplicates 3) Identify those duplicates already recovered 4) Recover real duplicates 5) investigate why they became duplicates and retify at source. (Prioritse by value). Consider that some payments may have been drawn but not presented or BACS recalled.	High	CG to identify a resource via Laura. Where will the money recovered go i.e. original cost centre or not? Researcher needs knowledge of GL, BACS systems, unpresented cheques etc.	Mar-11	PL Team to input invoice reference from the invoice (not the coding slip).	1) Potential duplicates in the week/month. (could audit do this more regularly than annually it would be easier to follow up?)
Test 2	Potential duplicates between SAMIS & SABC Civica (9m period)	28 matches on Inv ref, £, Inv Date. Large number of matches on other elements.	Other reports show a lot of matches. Postings were probably continuing with payments being suppressed in the District system in order to make ledgers accurately reflect the final position.	1) identify the arrangements with the Districts for paying and accruing invoices - this may explain why so many matches have occurred. 2) identify real duplicates and recover	High	Claire Green	Mar-11	N/A	N/A
Test 6	Potentially redundant suppliers	9851 suppliers not used during 18m, 7782 only used once in 13m	Cannot remove suppliers if there is activity on the account.	1) Understand the archiving and purging mechanism 2) Define and agree the purging period 3) Archive transactions and Purge the supplier database	Med	Ros Bridges/Jan Blythin	Oct-10	Agree a regular archiving procedure.	N/A
Test 7	Analysis of use of sundry creditors	Some being used frequently - should they be CRDs?, Some exist both in sundry and standard	ASC2s and 3s are CT and NNDRs. ASC1s variety of people. ASC4s rents. ASC2s and 3s are going when CT and NNDR becomes an interface.	1) Review a sample of ASC1 payments for appropriateness on a six monthly basis.	Med	Jan Blythin	Oct-10	Jan to set up six monthly monitoring arrangements to make this 'business as usual'. Consider volumes not just high amounts.	N/A
Test 8	Unusual dates	2 future inv dates, 65,050 invoices posted more than 30 days after invoice date, 2010 where payment date earlier than post date, inv date or due date, 285 posted on a weekend.	PPMs are set up in advance. CHAPS are set to a due date a year in advance, payments team then manually intervene to show in the account a manual payment was made. This stops the release of the automatic payment.	1) Check the two transactions with the odd dates. 2) Procedure note for audit regarding CHAPs intervention and reconciliatio procedures 3) review list after removing PPMs and CHAPS payments.	Med	Jan Blythin	Oct-10	N/A	Report on no of invoices (by cost centre) posted more than 30 days after invoice date. (you will get delays). Report on weekend processing.
Test 9	User Data	Inactive users, low users, TEMP users, empty approver and pay date fields?,		1) review TMPs for appropriateness 2) Conduct a user structure review.	Med	Jan Blythin	Jun-10	N/A	N/A
Test 10	Users making changes to supplier master files	46 users changed supplier files, 2,305 invoices same poster and supplier set up, large no of set ups in Feb and Oct?	District access, fire etc will bump up numbers here. Not practical to have separate setups and inputs esp. on satelite sites (district/fire).	1) implement regular reports on dual set up and input. 2) segregate duties as far as pratical. 3) Consider the role of procurement in segration of duties, how could the teams work move effectively together?	Med	Jan Blythin	Oct-10	Jan to set up six monthly monitoring arrangements.	Report on same user doing set up and input. Review samples.

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Test 15	Suppliers without bank accounts.	8153 suppliers (with activity) without bank accounts.		1) Review high activity cheque accounts and look at moving them to BACS.	Med	Jan Blythin	Mar-11	N/A	Report on high use cheque accounts
Test 3	Duplicate Supplier Records	125 same name and postcode, 5017 same postcode diff name, 1514 same bank a/c, 179 similar name	Potentially there are many false positives in this test. There will be same payee with different collection points etc. Some of these issues will be picked up after following up tests 1 and 2.	1) Review data and remove false positives. 2) follow up the potential duplicates and disable.	Low	Low risk/low priority. Controls in place to prevent future duplicates. Await outcomes of Test 1 and 2.	N/A	Wildcard searches on supplier set ups help to identify close matches. Training of those doing supplier set ups is crucial.	
Test 4	Distribution of Purchase Ledger Transactions	1 inv £15m, no zero invoices, average value £6551, largest credit note £397k		No action required. All looks to be in line and other external controls look at authorisation limits.	Low	N/A	N/A	There are other controls in place which look at high value payment limits.	N/A
Test 5	Multiple Low value invoices	12,737 invs less than £10, 118 suppliers with an average value less than £10	Could be potential for rationalising procurement methods to reduce transactions. However, if payments are across many schools for example this may not work.	Low priority, low risk. Maybe Nigel Denton is interested in these results?	Low	N/A	N/A	N/A	N/A
Test 11	Inconsistent VAT treatment per supplier	1565 with inconsistent VAT application	View is that there will legitimately be different VAT treatments because of mixed supply. E.g. Taxis - VATable when it a normal journey but where is contracted care home/day centre it is not. Issue with AC1s - may not be accounting for VAT that we should be reclaiming.	Consider if there is any effective follow up to be done to ensure that VAT on AC1s is being accounted for correctly.	Low	N/A	N/A	N/A	N/A
Test 12	Missing or invalid VAT registration numbers	8293 suppliers with no VAT number, 291 with invalid numbers	Legitmate that non VAT registered people won't have VAT numbers.	1) investigate the 291 invalid reference numbers. Low priority.	Low	Jan Blythin	Mar-11	N/A	N/A
Test 13	Invoice reference formats analysis	Mulitple different invoices formats per supplier.	Many legitimate reasons for supplier to use different references or where suppliers don't give references people are left to make up their own.	N/A	Low	N/A	N/A	Encourage inputters to use a uniform approach when having to create an invoice reference. Refer to outcome from Test 1	N/A
Test 14	Benfords plot on invoice value	Unexpected peaks at numbers 17 and 21.	Peaks do not correspond to authorisation limit so no immediate concern.	N/A	Low	N/A	N/A	N/A	N/A
Test 16	Suppliers with unusual addresses	1,522 with 'care of', 1,280 with PO Box, etc.	Lots of large companies are PO Box. Lots of c/os from village halls, treasurers.	N/A	Low	N/A	N/A	N/A	N/A
Test 17	Supplier data quality issues (mainly on addresses)	No (or hidden) postcode, blank locations, DO NOT USE labels etc.		1) Build this into the data cleansing exercise for cleaning up the addresses.	Low	Ros Bridges	Mar-11	N/A	N/A

audit report - concern about level of detail presented