



**Internal Audit Report**

FINAL

**Strategic Finance**

**Review of General Ledger Operations**

**August 2009**

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## **MAIN FINDINGS**

From this review, and the results gained from earlier reviews, it is recognised that the Main Accounting System is soundly based and there are effective controls operating over underlying feeder systems. However, there are still problems with fully integrating the PECOS system.

- 5.1 A progress report on the savings achieved through eProcurement should be prepared to demonstrate the benefits of using the PECOS system. This will assist in motivating users to resolve processing problems, encourage increased usage, and ensure that all savings achieved are recognised in future budgets.
- 5.2 A formal eProcurement User Group should be set up as soon as possible to address perceived failings with PECOS by the current users, to share knowledge, and to ensure that all users are made aware of changes to the system which impact on the functionality and the usability of the system.
- 5.3 The follow-up report to the SMT on the impact of forced settlements, should also assess the overall processing position to identify whether there are any underlying problems that may have accounting impact.
- 5.4 The role and responsibilities of the Finance Managers / Accountants in addressing operational issues, and the clearance of unmatched entries on PECOS requires to be fully resolved.

## **6 RECOMMENDATIONS**

Seven recommendations were identified as a result of the audit, Five medium risk and two low risk. The recommendations are shown in the action plan below.

**APPENDIX 2 ACTION PLAN**

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
1	<p><b>eProcurement User Group</b></p> <p>It was noted that an eProcurement User Group was to be set up with representatives from each department from September 2008. A formal structure for this has yet to be achieved with separate communication continuing with separate user departments.</p>	Medium	<p>A formal eProcurement User Group should be set up as soon as possible to address perceived failings with PECOS by the current users, to share knowledge, and to ensure that all users are made aware of changes to the system which impact on the functionality and the usability of the system.</p>	Exchequer Services Manager	31 <sup>st</sup> October 2009
2	<p><b>Reporting to SMT</b></p> <p>The emphasis on achieving faster settlement of invoices is clearly of benefit to suppliers in the current recession. However, there are underlying issues regarding the clearance of unmatched or mismatched entries on PECOS, and therefore also on Oracle, which require to be resolved by the user departments.</p>	Medium	<p>The follow-up report to the SMT on the impact of forced settlements, should also assess the overall processing position to identify whether there are any underlying problems that may have accounting impact.</p>	Exchequer Services Manager	30 <sup>th</sup> September 2009

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
3	<p><b>PECOS Reporting Tools</b></p> <p>We noted that the reports being generated, prior to the force settlement of invoices, are being distributed to Finance Managers/Accountants who do not have management responsibility for the staff operating the PECOS system.</p>	Medium	The role and responsibilities of the Finance Managers / Accountants in addressing operational issues, and the clearance of unmatched entries on PECOS requires to be fully resolved.	Exchequer Services Manager	31 <sup>st</sup> October 2009
4	<p><b>Benefits realised through PECOS implementation</b></p> <p>Progress on achieving the cost savings identified in the original eProcurement business case has not yet been fully reported.</p>	Medium	A progress report on the savings achieved through eProcurement should be prepared to demonstrate the benefits of using the PECOS system. This will assist in motivating users to resolve processing problems, encourage increased usage, and ensure that all savings achieved are recognised in future budgets.	Exchequer Services Manager	31 <sup>st</sup> October 2009

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
6	<p><b>Access controls to PECOS system</b></p> <p>Certain reports cannot currently be run on the PECOS system from the Council's computers due to a time-out security facility. To generate these reports the system interrogation is currently being run on a staff member's home computer.</p>	Medium	I.T. should be consulted regarding enabling a suitable, secure access arrangement from within the Council's premises to minimise any risk of corruption or loss of data.	Exchequer Services Manager	Referred to I.T.