APPENDIX ONE TO PERFROMANCE REPORT – Financial Management Information System (FMIS) Development Projects

Summary

The 2012/13 Shared Financial Services Business Improvement Plan (BIP) identified "successful implementation of the Financial Systems development plan" as a key project for completion in addition to the day to day support to users and maintenance of financial systems and processes. This document provides a summary of the projects completed to date to summarise what this development means in terms of process change, enhancing customer satisfaction and also improving efficiency and increasing productivity. The overarching plan objectives being to:

- enhance customer service;
- ensure statutory compliance and meeting regulatory requirements;
- improve efficiency and increase productivity.

A brief description of the Project is provided below along with the efficiency gain achieved from implementation where the development was not a compliance requirement. The compliance projects focus on risk management and thus mitigating against the threat of fraud, misappropriate of funds, financial penalties and fines, reputational damage and overcommitting budgets. All projects were project managed and completed by the Shared Financial Services Systems Development Team working collaboratively with other departments wherever necessary.

The list below is a breakdown of the BIP project into individual pieces of work categorised as Compliance (Section A) and Efficiency & Improving Productivity (Section B). The estimates of cost reductions included below are limited to the actual time savings generated by the FMIS project but they are also available for the user department's management teams to build upon within their own wider efficiency agendas and targets. The 'business as usual' projects outside the Business Improvement Plan completed in the last twelve month are excluded from this summary.

Section A: Compliance

Title & Description	Objective
Change to Banking arrangements Electronic files from the bank are now sent through a more secure method following security improvements made by the bank.	Secure file transfer technology is now used to replace an obsolete modem solution for downloading files with transaction information from the bank. This improves data security for bank file transfers and improves business continuity as internet link security and the transfer reliability of the link is very much strengthened. Mitigated Risk: • Using the secure file transfer mitigates the responsibility on any breach of security to the Bank. • Using the Banks secure link prevents internet hackers from intercepting the Councils' Bank information. • The new process is more reliable than the old method of Modem technology. • Transferring files over the internet removes Modem hardware from the process, Modems are obsolete and ICT no longer support them.
New E-Claims System Facilitating the implementation of new e-claims process and providing support to any staff using the new system.	Support and training has been provided to ensure staff understand how to use the e-claims process correctly, this has improved customer experience and importantly ensured that staff are HMRC compliant when filling in their claims. Previous similar projects have been implemented without this support and consequently many problems arose after those systems went live, therefore it was important to provide our support to allow a smooth implementation. Mitigated Risk: • Training staff prior to implementation facilitated a smoother implementation and reduced the amount of queries once the system went live. • Training and supporting staff in what information is required ensured that the HMRC claims information is correct.
Chart of Accounts Alignment To standardise the two councils' financial management structures/code dimensions.	The councils' financial structures are now directly in line with the Code of Practice. This standardisation enables alignment of the Financial Accounting procedures and processes between the two Councils' and allows staff to share best practice. FMIS will also present data automatically in the required format for returns without the need to manipulate it into different formats outside of the system. Mitigated Risk: • This strengthens our reconciliation controls and reduces the risk of data error within FMIS. • Financial returns are compliant with the Service Reporting Code of Practice (SeRCOP) which is a mandatory requirement. • Reputational damage via negative external audit findings.

Requesting VAT Receipts
Invoices that should have a VAT receipt reminder are now automatically identified within FMIS; the VAT receipt reminder can then be generated automatically and sent to the supplier.
	If a supplier is registered for VAT, then they must submit a VAT invoice. Some submit pro forma invoices which are not full VAT invoices and would not support the Councils' VAT claim. The new system development automates the process of sending out a VAT receipt reminder back to the supplier, ensuring that none are missed through human error and the monitoring of VAT invoices is simplified.
	
	Mitigated Risk
	    • Accurate VAT Return reduces any risk of incurring fines from HMRC.
	    • Strengthened process controls for VAT procedures reduces the chance of any VAT fraud from the supplier.

Zero Tolerance on No Purchase Order Invoices
Invoices now need the councils' Purchase Order number quoted on the invoice before it can be paid. Invoices with no Purchase Order number quoted are returned to suppliers.
	Having our Purchase Order reference quoted on all invoices submitted for payment by suppliers means invoices can now be scanned into FMIS automatically and Emailed to the correct budget holder for authorisation. The Councils' Financial Regulations require a Purchase Order for every invoice the Council pays with few exceptions, limiting the chance of a fraudulent invoice being paid. Accounts Payable performance indicators are also improved and time is saved during the procure to pay process.
	
	Mitigated Risk
	    • Reduces the possibility of a fraudulent Invoice being paid by the Council.
	    • Ensures that the invoice is approved for payment by the correct budget holder.
	    • Reduces the possibility of an invoice being paid without a matching Purchase Order.

Introduce a new Payment Card Industry – Data Security Standard (PCI-DSS) Policy for staff taking payments	PCI-DSS is a mandatory standard set by the banking industry on how card payments should be taken. Part of PCI-DSS is to introduce a policy for staff that sets out clearly how to achieve the secure environment needed to take card payments. For example, staff members who take payments cannot write down debit or credit card information or save this information on their computer. Every staff member who processes card payments has to sign up to the new policy which sets out their responsibilities when dealing with card information within the parameters set by PCI-DSS.
	
	Mitigated Risk
	    • Reduces the possibility of fraud taking place as a result of the actions of staff members taking card payments.
	    • PCI-DSS is a mandatory requirement for all Councils, meeting the standard ensures that no unnecessary costs or fines are incurred from the Bank for not being PCI-DSS compliant.
	    • Eliminates the risk of chargebacks and higher 'unsecured' transaction charges.
	    • Failure to comply will ultimately result in our facility to take such payments being withdrawn.

Changes to Cheques
A new cheque format for Barclays Bank.
	Due to the Councils' recent move to Barclays Bank the systems team have created a new cheque template that is affiliated to Barclays and passes the cheque clearing cycle.
	
	Mitigated Risk
	    • Compliant changes to the cheque template reduced the risk of Cheques being stopped by the Bank causing organisational embarrassment and customer hardship e.g. Housing Benefit payments.
	    • Cheques meet banking standards so the risk of cheque fraud is reduced.

Financial Systems Upgrade AUDDIS ADDACS Amendments from January 2013.	AUDDIS and ADDACS are files that include Direct Debit instructions to the Bank for any Direct Debit transactions. Mandatory changes to those Direct Debit instructions within the files were introduced by the Bank in January 2013. Those changes needed to be tested and implemented within FMIS to ensure the Council could continue to submit Direct Debit files to the Bank. Mitigated Risk - Successful implementation ensured that the Council could continue to submit Direct Debit files to the Bank. Large income cash flows are reliant on direct debit transactions. - The Direct Debit pay runs were not disrupted by the changes, preventing any inconvenience to the customer or damage to the Councils' reputation.
Value Only Purchase Orders Allowing Purchase Orders to be raised where there is a monetary value rather than a unit quantity required.	This development allows orders with a monetary value to be more relevant to the actual goods or services received, for example an order raised for consultancy can be raised with a value rather than a quantity. This improves commitment data in the Financial Management Information System (FMIS) which ultimately improves budget management information. Mitigated Risk: - Accurate commitment information within FMIS allows managers to manage their budgets more effectively. - Reduces the possibility of receiving incorrect services or goods from a supplier.
Emergency Purchase Order Numbers Orders can now be issued from the Purchasing System out of office hours. Staff working out of office hours are issued with a Purchase Order number range which they can issue to suppliers.	When requesting goods or services from suppliers the Purchase Order is a key control element of the Procure to Pay process. It ensures that staff fully comply with the Councils' Financial Regulations in respect of quoting a Purchase Order quoted on every invoice. A Purchase Order number is now available to staff working outside the normal office hours. Mitigated Risk - Reduces the volume of Invoices that would need to be returned to the supplier for a Purchase Order number, the Council has adopted a zero tolerance on Invoices without Purchase Order number. - Reduces the possibility of delayed payment for the supplier. - Strengthens internal control procedures.
New Bank Interfaces for Barclays Bank	All transactional files from Barclays Bank are now securely transferred and fully integrated into the Councils' FMIS. Both Councils' changed bank provider in April 2013 which meant all transactional files sent from the Bank needed to be re configured to integrate with FMIS. Mitigated Risk - Reduces any delay in updating FMIS with transactional data. - FMIS data integrity is of a high standard as the risk of importing corrupt data into FMIS is eliminated. - Financial integrity and reputational damage - protects the organisations from negative audit comments.

Fair Processing Notice on Purchase Orders and Remittances to suppliers	All correspondence to suppliers now provides notification that information may be shared with other parties responsible for auditing or administering public funds in order to prevent and detect fraud. This is a mandatory change in connection with the National Fraud Initiative (NFI). It is our responsibility to notify individuals of this as we may need to submit their data to other parties. Mitigated Risk • Without prior notice individuals do not need to consent to their data being passed on to other organisations. Notifying them formally of this change mitigates any chance of complaints to the Council. • Ensuring that all data can be submitted to NFI for inspection reduces the chance of fraud.
Changes to BACS Configuration To allow BACS submissions to be sent to Barclays Bank.	Due to the Councils' recent move to Barclays Bank, the BACS system has been reconfigured to send all BACS files to Barclays Bank. BACS files are submitted to the Bank to make payments to all Creditors including Council Tax and Housing Benefits. This was a seamless migration with no disruption to the Councils' customers. Mitigated Risk • Ensuring that the Council could continue to submit BACS files successfully to the Bank reducing the possibility of any payment errors after implementation. • Thorough testing of all BACS submissions prevented any inconvenience to our Customers or any damage to the Councils' reputation.
CRM Integration with the Icon Cash Receipting System Allowing members of the public to pay for services online, e.g. Bulky Waste collections.	More services can now be paid for online as an alternative to paying within the one stop shop. This gives members of the public more options on how they can pay for their services and consequently improving the customer experience. Mitigated Risk • Internet payments reduce the risk of human error when transactions are being made by eliminating the need for staff to take the payment. • Internet payments use 3D Secure which is an additional layer of card security therefore reducing the possibility of payment card fraud.
Automated Debtor recovery route Under Licensing Act 2003 the suspension of a Premises Licence/Club Premises certificate for failure to pay the annual fee.	Replacing a manual process within the debtors function to an electronic automatic system in accordance with the Licensing Act 2003. Mitigated Risk • Failing to comply with the Licensing Act 2003.

Section B: Efficiency & Improving Productivity

Title & Description	Objective	Value of Benefit
Purchase Orders emailed to Requestor Purchase Orders are now emailed to the internal requestor instead of being printed and posted out to the external supplier.	Reduces postage costs, reduces administration time within the Chief Executive office as they no longer record and post out purchase orders. Improves the supplier's customer experience and aids in providing a more efficient procure to pay cycle. Contributes to the organisations' corporate projects to reduce overhead costs e.g. paper and postage costs	Removes a task in totality from the organisation. Approximately 1,000 documents per annum. Circa £1,000
Electronic Invoice processing Allows our regular suppliers to send their Invoices electronically to Accounts Payable.	We are now piloting with a supplier a new way of receiving Invoices into the Council. Instead of the being posted the invoice is emailed each week as an electronic file. If the pilot proves successful we will be introducing this to other regular suppliers which would increase the benefits and efficiencies of this development. The objectives are to Improve customer experience by giving suppliers the option to email an invoice file that interfaces with (FMIS). This also improves the efficiency of the Procure to Pay process and allows the supplier to be paid more promptly than if they sent their invoice by post.	Productivity savings in procure to pay process. Realising savings for our suppliers and supporting SMEs
Automated Emailing of Debtor Documents Replaces the manual posting of invoices and Information to Debtors.	All Debtors' correspondence can now be sent automatically by the system via email improving efficiency within the Debtors process, reducing postal costs and staff time in manually posting out letters to Debtors. The development also improves customer experience by introducing and improving the options with regard to the methods of communications available.	Circa £1,000
Reduce Cheques and Paper Remittance Advice A significant increase in suppliers being paid by BACS and electronic remittance.	Suppliers receiving Cheques have been contacted and encouraged to change to BACS. This reduces postal costs plus staff time is saved by reducing the number of supplier cheques and remittances that need to be printed and posted.	Circa £1,500 pa. Avoided cost of replacing enveloping machine £2,000**.**
IDOX Integration with Icon Allows members of the public to pay for Land Charge searches online. (Participation in Council project – FMIS Lead Officer).	Land charges can now be paid online by the customer. This system development reduces the time taken by staff when they are raising invoices within the planning and debtors team. The integration allowed the Council to replace Northgate system with IDOX and removing all licensing and support costs from the former. The systems team contributed significantly with the integration of IDOX to the financial systems.	£10,000

Migrate Financial Data into a Secure Archive Application Securing South Ribbles old Financial System data that was archived prior to the implementation of Civica Financials in 11/12.	This legacy data has now been migrated into a safe database that can be used as a reference for enquiries from audit, HMRC or members of the public via Freedom of Information requests. The new database client is easier to use and financial information can be found more easily. The old financial system was no longer supported due to the age of the software and server, decommissioning the server saved the Council support costs. It was also necessary to migrate the financial system to ensure no financial data was lost.	**Circa £2,500 pa**
Alignment of the Accounts Recharge process Standardising the central and support service recharge process to make it more efficient.	The best practise of both councils' recharge process has been identified and implemented to align the two councils' with one standard process, enabling the accountants to apply a consistent approach towards central and support service recharges. This development also contributes towards the goal of aligning the whole management accountancy function between the two councils.	**Circa £1,600 pa**
Allpay Autoconnect Automating the download of Allpay payment files into FMIS and replacing a manual process.	Allpay is an external payment service which allows members of the public to pay their Council Tax etc at participating local shops and outlets. To transfer the payment made to the right account a transaction file is sent by Allpay which updates FMIS. The new development fully integrated the Allpay file with FMIS which saved staff time and increased productivity. Additionally, as this is a transition from a daily manual process to an electronic system it eliminates the possibility of human error such as duplicate file imports and missed files.	**Circa £1,000 pa**
System integration with Department of Work and Pensions (DWP) 3rd party deductions.	DWP adjustments to benefit payments have previously been entered into the Icon system manually on a monthly basis, this was historically a time consuming task. The Systems Development Team have now automated this process so that a file is now sent by DWP and interfaced directly into the Icon system. This saves staff time and reducing the possibility of human error.	**Circa £1,000 pa**