

## **Grant Thornton**

Manchester City Council

SAP System Utilisation and Effectiveness Review

April 2010

<b>Contents</b>	<b>Page</b>
<b>1 Executive Summary</b>	<b>2</b>
<b>2 Detailed Findings and Action Plan</b>	<b>7</b>

## 1 Executive Summary

### 1.1 Introduction and scope

As part of our 2009-10 audit plan we agreed to perform a SAP System Utilisation and Effectiveness review.

The aim of this review was to:

- establish the quantitative and qualitative value derived from SAP;
- assess how the Council is evaluating the success of the system in delivering the expected benefits; and
- determine how effectively the system is being used, providing recommendations on areas where further efficiencies can be achieved.

Further, this review will inform our 2009-10 Use of Resources assessment, specifically in relation to:

**KLOE 1.3** - Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?

**KLOE 2.2** - Does the organisation produce relevant and reliable data and information to support decision making and manage performance?

Our work was performed in the context of the following:

- the Council implemented the SAP system in 2006 as part of a project to achieve significant cost savings for the Council and to increase the efficiency of operational procedures, particularly in relation to procurement. There are currently approximately 5,500 active users within the system;
- customisation within the SAP system to date has been minimal. Modules currently used by the Council include HR & Payroll, Finance (FI), Procurement, Materials Management (MM), Project System (PS), Asset Management (AM) and Controlling (CO);
- Business Objects tools are being installed and reviewed to determine what reports are necessary. The Customer Relationship Management (CRM) module is currently being used but plans are in place to replace this with a more widely used Microsoft solution which will require less customisation and better meets customer needs;
- a dedicated Business Support Team has been set up to act as the link between Business Users and the SAP team. The team has responsibilities over change management and user administration for the SAP system.

This report highlights the key issues arising from our SAP Utilisation and Effectiveness Review, which will be reported to the Audit Committee in June 2010.

In order to assess the utilisation and effectiveness of the SAP system, we sought to understand, through discussion, the changes to practices and efficiencies achieved in critical business areas, following the implementation of SAP. In particular, we focused on the following areas:

- Project management and oversight
- Use of SAP, training and support
- Management reporting
- Change management, user administration and licensing
- Procurement
- Finance/Accounts Payable/Accounts Receivable
- Human Resources

We met with key staff to gain an understanding of arrangements in place, reviewing key documents that support the processes in place and performed detailed testing to obtain assurance over the utilisation and effectiveness of the system.

We obtained data extracts from the SAP system and analysed the data using IDEA, a data investigation and analysis tool, to determine whether further efficiencies through control and data accuracy can be achieved in the following areas:

**Change Management** - We obtained a list of all changes transported to the live finance environment since the implementation of SAP, and tested it to ensure:

- changes are not approved and transported to the live environment by the same user;
- changes are not transported to the live environment without being approved; and
- changes are only transported to the live environment by authorised users.

**User administration** - We obtained a list of all users (excluding e-recruitment users) within the Council's live SAP system. We performed testing to establish how widely staff at the Council are using the system.

**Accounts Receivable** - We obtained a list of all open items as at the date of the review and performed testing to establish the age of all old debt, in order to assess whether it is reasonable.

Data testing was not performed on areas where weaknesses were identified by management during our discussions.

The results from our testing and our findings and recommendations are included in Section 2 of this report.

## 1.2 Key findings

Our review has identified a number of areas of good practice resulting from the implementation of SAP. These include:

- the Council has achieved significant cost savings within the procurement process; reported savings for the financial years 2007-08 and 2008-09 exceed £27 million;
- a helpdesk system is in place to log, track and monitor user requests and issues within the SAP system. A dedicated SAP Support team has been established to resolve helpdesk calls;
- a formal change management process is in place to ensure all changes to the SAP system are formally recorded, approved and implemented;
- a SAP Procurement Catalogue was implemented to reduce administrative tasks within the procurement process and to ensure correct contract prices are held in the system;
- the implementation of a single centralised system has resulted in increased efficiencies and greater operational transparency for all business units reviewed.

There are no findings from our review which, due to their severity, require immediate action. However, the review has highlighted a number of areas where further efficiencies can be achieved and system utilisation can be enhanced. Issues rated as High or Medium importance are summarised as follows:

**Data Cleansing (High)** - Supplier information held within SAP has not been cleansed to ensure duplicate or old supplier accounts are deleted. The risk is that payments may be made to a supplier twice or to unauthorised suppliers. The council should review the data to ensure only authorised suppliers are in the system and that no duplicates exist.

**Old debt management (High)** - We were informed that a large number of old debts were carried forward from the legacy system and have not yet been written off. From our testing, we found that the total debt within the SAP system aged over 180 days exceeded £15,000,000. The debt is accounted for under four categories: pursuable debt, land charges, benefits overpayments, and schools. It was confirmed that approximately £3M of this old debt relates to land charges which by definition are unlikely to be collected quickly and debts relating to schools amount to £1.1M which is internal debt. According to management, all outstanding debts are actively pursued regardless of their age and are not written off until it is certain that there is no realistic prospect of recovery. Whilst this debt is fully provided for in the Council's accounts, the Council should ensure that debts recorded in the SAP system are reviewed and written off appropriately.

**System utilisation (Medium)** - We found a large number of inactive user accounts on each of the areas of the live system used by the Council. Inactive accounts are reported below as a percentage of all valid accounts, to the nearest percentage:

SAP area	Description of SAP area	% Inactive accounts	Total Inactive	Total Users
BWP	Business Warehouse	74%	333	449
CRP	Customer Relationship Management	22%	76	330
ECP	Finance	50%	2102	4196
SLP	Solution Manager	52%	24	46
SRP	Supplier Relationship Management	18%	431	2462
XIP	Exchange Infrastructure	26%	5	19

*(In this context, 'inactive account' shall be taken to mean accounts never used or accounts that have not been used for over three months.)*

The Solution Manager is used for running the Council's Central User Administration (CUA) system and the Exchange Infrastructure is used for managing interfaces in and out of SAP.

Inactive user accounts increase the risk of unauthorised access to the system and cause an administrative burden. Additionally, if the inactive accounts were set up out of expected need to fulfil job duties and the personnel are not using the system, there may be a misunderstanding of the expectations and the actual requirements to perform duties. Disabling inactive accounts will minimise this risk and reduce costs associated with unutilised licenses.

Per discussion with management, the number of inactive accounts reviewed included some users whose access has been delimited; although the user is valid and appears inactive, the user does not have the access to perform any operations in the system. We did not determine the proportion of these users. Additionally, after the audit was completed, management implemented a program to invalidate users based on the leavers listing in the HR module of SAP.

**User administration of leavers (Medium)** - A process is in place to ensure leavers are removed from the SAP system on a timely basis, however, this is not consistently applied across the Council. During the period of our review, management was in the process of testing a script to run on a nightly basis, detecting any leaver action within the HR module and automatically setting a leaving date for the user within SAP. This change has yet to be transported to the production environment.

**Management reporting (Medium)** - From discussion with a number of key SAP users, we were informed that although standard SAP reports are used across the different Business Units, the Business Warehouse (BW) and Business Intelligence (BI) reporting tools are not being utilised. These tools allow for more customised

reporting but require detailed technical knowledge to use. For example, standard reports for budgeting are used but more specific and tailored reports have been requested. This increases the risk that reporting efficiencies are not being achieved or value for money is not realised within the reporting process. Business Objects is being installed to simplify the custom reporting process.

**E-recruitment (Medium)** - A SAP e-recruitment system was set up as part of the SAP implementation process, as it helped to increase visibility through integration. During our review, HR management investigated alternative online recruitment systems. Reasons cited for this include:

- issues relating to the processing of paper job applications; and
- users finding the system unintuitive or difficult to use.

The selection committee has chosen TRIBAL, the market leader in e-recruitment software and intend to complete installation by midsummer 2010.

### 1.3 Conclusion

Based on our assessment, the key goals of the SAP implementation project were as follows:

- implementation of a centralised system that would ensure practices are consistently applied across the Council, increase transparency of operations and provide efficiencies within the different business areas; and
- achievement of cost savings within the Council, particularly within the procurement process.

We conclude that the Council has successfully achieved these goals and that operational and strategic benefits have been achieved within the Human Resources, Procurement, Accounts Payable and Finance business units. However, it was noted that while the SAP system currently meets the requirements of the Accounts Receivable department, implementation benefits for the business units were not immediately evident. For Accounts Receivable, this is due to issues arising with the debt management functionality of the system.

Further, we consider that, subject to addressing the recommendations identified in Section 2, the Council is effectively and efficiently utilising the SAP system for all areas reviewed.

### 1.4 The way forward

We set out our findings and recommendations in Section 2 of this report. We have agreed actions to implement the recommendations with the Head of Financial Management.

### 1.5 Acknowledgements

We would like to record our appreciation for the positive co-operation and assistance provided to us by the Council's staff during the course of our audit.

2 Detailed Findings and Action Plan

In the following section, **high** priority recommendations correspond to fundamental control risks; and **medium** priority recommendations apply to control risks that exist and require attention. **Low** priority recommendations are concerned with improvement in procedures and risk mitigation.

Detailed Observations	Recommendation	Priority	Management Response	Officer Responsible and Implementation Date
<p><b><i>Project management and oversight</i></b></p> <p><b>Good practice</b> The Council achieved significant cost savings within the procurement process. Reported savings for the financial years 2007-08 and 2008-09 exceeded £27 million.</p> <p>The implementation of SAP resulted in operational efficiencies and consistencies across all Business Units within the Council. Benefits and efficiencies achieved were discussed during regular Performance Board meetings and Business Decision Making Group meetings.</p>	<p>We recommend that management</p>	<p>Low</p>	<p>&lt;Agree &gt;</p>	<p>&lt;Janet Smith&gt;</p>

Detailed Observations	Recommendation	Priority	Management Response	Officer Responsible and Implementation Date
<p><b>Areas for improvement</b> We were informed that a cost benefit analysis of the SAP implementation was performed by management at the initiation of the project. However, we were unable to obtain evidence to support this. Further, we were unable to obtain evidence of a review of costs incurred and benefits achieved at the completion of the project.</p>	<p>conduct an exercise to formally identify costs incurred and benefits achieved from the SAP system implementation project, in order to formally identify whether value for money has been achieved. Additionally, a lessons learned analysis should be completed for reference on future projects.</p>		<p>&lt; MCC will produce a summary final SAP Back Office implementation report including an analysis on lessons learned – this will draw on information already produced for presentations for CPD session . Due to the length of time elapsed since project initiation it is intended to be a high level report &gt;</p>	<p>&lt;September 2010&gt;</p>
<p><b>System utilisation, training and support</b></p> <p><b>Good practice</b> Basic training was granted to all users of the system following SAP implementation. Tailored training courses are offered following formal requests from the business users.</p> <p>A helpdesk system is used for logging,</p>				

Detailed Observations	Recommendation	Priority	Management Response	Officer Responsible and Implementation Date
<p>tracking and monitoring user requests and issues with the SAP system. A dedicated SAP Support team has been established to resolve helpdesk calls.</p> <p><b>Areas for Improvement</b> From our testing, we found a large number of inactive user accounts on each of the areas of the live system used by the Council. Inactive accounts are reported below as a percentage of all valid accounts, to the nearest percentage:</p> <ul style="list-style-type: none"> <li>• Business Warehouse - 74%</li> <li>• Customer Relationship Management - 22%</li> <li>• Finance - 50%</li> <li>• Solution Manager - 52%</li> <li>• Supplier Relationship Management - 18%</li> <li>• Exchange Infrastructure - 26%</li> </ul> <p><i>(In this context, 'inactive account' shall be taken to mean accounts never used or accounts that have not been used for over three months.)</i></p>	<p>Management should review all user access within the different live system areas, to ensure any unused or unnecessary access is revoked. This will minimise the risk of unauthorised access to the Council's systems, as well as increase efficiencies within the user account maintenance process and provide licensing cost savings to the Council.</p>	<p><b>Medium</b></p>	<p>Agree – We will consolidate our processes to review roles and ensure that unused logins and leavers are removed in a timely fashion . We have already carried out many reviews of who has access to live system as part of reviewing roles and access requirements of the Finance and HR SSC creation. Since your Audit team visited Manchester we have run a program to end users who were leavers in the system. We have been carrying out a number of exercises as part of Security and Access Working Group plan to validate users and their roles. Following discussion with yourselves</p>	<p>&lt;Janet Smith/ Alastair Cumming&gt;</p> <p>&lt;October 2010&gt;</p>

Detailed Observations	Recommendation	Priority	Management Response	Officer Responsible and Implementation Date
<p>The Solution Manager is used for running the Council's Central User Administration (CUA) system and the Exchange Infrastructure is used for managing interfaces in and out of SAP.</p> <p>Inactive user accounts increase the risk of unauthorised access to the system. Disabling inactive accounts will minimise this risk and reduce costs associated with unutilised licenses.</p>			<p>and other organisations we have identified the tables that will enable us to review quickly and easily last logged on date or never used and intend introducing processes into our Security Team that will ensure regular exercises are undertaken. As well as improving system security, minimising risk this will also ensure more effective use of our SAP User Licences.</p> <p>As noted by Grant Thornton, the user inactivity figures in this report include users whose roles have been invalidated. Invalidating roles stops them from working and therefore prevents access to the SAP functionality associated with those roles. If users with invalid roles were excluded, the user</p>	

Detailed Observations	Recommendation	Priority	Management Response	Officer Responsible and Implementation Date
			<p>inactivity figure would be reduced.                      Since running the program to automatically end leavers' access (which ended approximately 10,500 users including internal recruitment users) and undertaking further exercises to identify inactive users, all ECP, SRP and CRP users classed as inactive (i.e. those who have not logged on to a system in 90 days) have now had their access to those systems removed.</p>	
<p><b>Management reporting and budget monitoring</b></p> <p><b>Good practice</b>                      Standard SAP reports are produced and reviewed on a regular basis by members of the Finance, Accounts Receivable, Accounts Payable, Human Resources and Budgeting departments.</p>				

Detailed Observations	Recommendation	Priority	Management Response	Officer Responsible and Implementation Date
<p>Reports evidencing supplier activity have allowed the Council to negotiate significant discounts with suppliers.</p> <p><b>Areas for Improvement</b> From discussion with key SAP users, we were informed that the Business Warehouse (BW) and Business Intelligence (BI) reporting tools are not being utilised to their fullest extent, due to lack of technical expertise and familiarity with these tools. This increases the risk that reporting efficiencies are not being achieved or value for money is not realised within the reporting process.</p> <p>Management have acknowledged that reporting capability has room for further improvement, particularly in relation to budget monitoring reports. Therefore, they are in the process of installing Business Objects, which requires less technical training to use.</p>	<p>We support management's decision to upgrade the reporting application and the analysis performed to determine the reports required.</p>	<p><b>Medium</b></p>	<p>&lt;Agree &gt;</p> <p>&lt; We will identify those SAP users who have access to BW who don't need it and remove the access. We will review with stakeholders who additionally would benefit from having access to any current BW reports and provide access and associated training. We will review live BW reports to ensure those that exist in the live system are fit for purpose. We will agree with ICT with the help of DOT an ongoing strategy for use of Business Objects as a Corporate reporting tool</p>	<p>&lt;Janet Smith/ Louise Crewdson/Andy McBeath&gt;</p> <p>&lt;November 2010&gt;</p>

Detailed Observations	Recommendation	Priority	Management Response	Officer Responsible and Implementation Date
			and a plan for it's deployment>	
<p><b>Change Management</b></p> <p><b>Good practice</b> A formal change management process is in place to ensure all changes to the SAP system are formally recorded, approved and implemented.</p> <p>A Business Support Board has been established to review and approve changes as and when required. An audit trail of all changes is maintained.</p> <p>Summary and detailed change management performance reports are developed by the Business Support Manager and presented to the Business Support Board on a fortnightly basis.</p> <p><b>Areas for Improvement</b> It was noted that no formal change management policy is in place within the Council. A Change Management Mandate has been developed during the initial stages of the SAP implementation</p>	<p>We recommend that a Change Management Policy is defined which includes the following, as a minimum:</p> <ul style="list-style-type: none"> <li>• Segregation of duties;</li> <li>• Testing methodology;</li> <li>• Impact and priority ratings;</li> </ul>	<p>Low</p>	<p>&lt;Agree&gt;</p> <p>&lt; MCC are in the process of producing a SAP security policy . We will also ensure that our Change Management Policy and processes are</p>	<p>&lt; Dave Ainsworth&gt;</p> <p>December 2010</p>

Detailed Observations	Recommendation	Priority	Management Response	Officer Responsible and Implementation Date
<p>project, however, this has not been revised since.</p>	<ul style="list-style-type: none"> <li>• Timelines for change milestones;</li> <li>• Review and approval of the Change Management Policy; and</li> <li>• Monitoring and reporting change management performance.</li> </ul> <p>Further, we recommend that a review of the revised Change Management Policy and Procedures is conducted within the suggested timescale. The policy should subsequently reviewed on an annual basis, to ensure it is in line with the requirements of the Business.</p> <p>Following the approval of the policy, formal training should be given to all existing staff and new starters. This includes an introduction to the policy and procedures as well as templates. Example templates should be made available to staff within a</p>		<p>documented to cover the points raised.</p>	

Detailed Observations	Recommendation	Priority	Management Response	Officer Responsible and Implementation Date
	<p>shared drive, for guidance.</p> <p>The policy will ensure consistent practices are applied for all changes within the Council.</p>			
<p><b>User administration</b></p> <p><b>Good practice</b> A formal process is in place for administration of new starters and role changes within the SAP system. A Central Unit Administration (CUA) system is deployed by the Council which allows centralised management of users in all six production instances.</p> <p><b>Areas for Improvement</b> A process is in place to ensure leavers are removed from the SAP system on a timely basis, however, this is not consistently applied across the Council. During the period of our review, management were in the process of testing a new change which would allow a script to run on a nightly basis, detecting any leaver action within the HR</p>	<p>We fully support management's decision to implement the automated leaver process as a matter of priority. Further, we recommend that HR communicated a list of all leavers to the SAP Security team on a monthly basis, in order to ensure all leaver access was disabled on a timely basis.</p>	<p><b>Medium</b></p>	<p>Agree &gt;</p> <p>&lt; We are able to produce a list of HR leavers from the system so will review this to see if any additional benefit can be derived from using a list on top of the automated program&gt;</p>	<p>&lt;Alastair Cumming Officer&gt;</p> <p>&lt;October 2010&gt;</p>

Detailed Observations	Recommendation	Priority	Management Response	Officer Responsible and Implementation Date
<p>module and automatically setting a leaving date for the user within SAP. This change has yet to be transported to the production environment.</p>				
<p><b>Procurement</b></p> <p><b>Good practice</b> Prior to the implementation of SAP, management had little visibility and control over purchases undertaken by staff across the Council. SAP allowed centralisation and consistency of practices, increasing transparency of procurement transactions and resulting in significant cost savings for the Council. Cost savings reported to the Resources &amp; Governance Overview Scrutiny Committee exceeded £27m for the financial years</p>	<p>We recommend that a data</p>	<p><b>High</b></p>	<p>&lt; Agree &gt;</p>	<p>Lol Nugent/ Paul</p>

Detailed Observations	Recommendation	Priority	Management Response	Officer Responsible and Implementation Date
<p>2007-08 and 2008-09.</p> <p>A SAP Catalogue was implemented to reduce administrative tasks within the procurement process and to ensure contract prices are held in the system.</p> <p><b>Areas for Improvement</b> Supplier information held within SAP has not been cleansed to ensure duplicate or old supplier accounts are deleted.</p>	<p>cleansing exercise is conducted by management to ensure old, duplicate or redundant supplier codes are identified and removed as a matter of priority.</p>		<p>&lt; Archiving on SAP is currently a live project within ICT. As part of this a review of master data objects that need to be archived is planned. Vendors will be one of the Master Data items reviewed. In the meanwhile Procurement will identify Vendors who should not be used and amend the record to block them from use. Following regular review of performance statistics from the Finance Shared Service Centre (FSSC) it became clear that there are a number of blockages to achieving the step change in performance required in a number of areas. Many of these stem from earlier stages in the whole procure to pay process, but simply</p>	<p>Muir/ Paul Murphy</p> <p>November 2010</p>

Detailed Observations	Recommendation	Priority	Management Response	Officer Responsible and Implementation Date
			<p>reinforcing current process isn't working and too much time is being spent within the FSSC on "failure demand". To address the above issues a time limited task group was established, including members from FSSC, Business Support, Accountancy and Procurement. The purpose of this group was to agree:</p> <ol style="list-style-type: none"> <li>1. Key areas to focus on which will deliver a step change in performance.</li> <li>2. How issues within these key areas will be tackled.</li> <li>3. What actions are required and to what timescales</li> <li>4. Longer term actions that need to be taken to make the processes more effective and efficient.</li> </ol> <p>Specifically in relation to</p>	

Detailed Observations	Recommendation	Priority	Management Response	Officer Responsible and Implementation Date
			<p>vendors the group are addressing whether the process to set up new vendors is robust enough, whether we are doing enough to promote the use of 'approved' vendors and how to tackle the issue of having too many vendors set up on SAP.</p>	
<p><b>Finance</b></p> <p><b>Good practice</b> Benefits achieved from the implementation of SAP include:</p> <ul style="list-style-type: none"> <li>• development of a single central balance sheet for the council, to replace approximately 80 legacy balance sheets;</li> <li>• significant reduction in General Ledger account codes and formalisation of the process used for requesting, approving and setting up new process;</li> <li>• increased transparency for journals.</li> </ul>				

Detailed Observations	Recommendation	Priority	Management Response	Officer Responsible and Implementation Date
<p><b>Accounts Payable</b></p> <p><b>Good Practice</b> SAP replaced a multiple of automated and manual legacy Accounts Payable systems, therefore increasing efficiencies and consistencies within the AP process, as well as establishing transparency around procurement transactions.</p> <p>Management have implemented a No Purchase Order No Payment policy to ensure payment is for valid purchases only.</p> <p>Further, a process has been implemented to automatically notify suppliers when a Purchase Order is received without a Goods Received Note.</p> <p><b>Areas for Improvement</b> The following areas were identified by management for improvement:</p>	<p>We fully support management's recommendation to provide further staff training on:</p> <ul style="list-style-type: none"> <li>• Importance of recording of Goods Received Notes</li> </ul>	<p><b>Low</b></p>	<p>Agree</p> <p>Ongoing training and support for requisitioners is provided by SAP Business Support. As well</p>	<p>Janet Smith/ Lol Nugent</p> <p>Ongoing</p>

Detailed Observations	Recommendation	Priority	Management Response	Officer Responsible and Implementation Date
<ul style="list-style-type: none"> <li>• Further staff training and awareness is required to ensure instances of missing Goods Received Notes are reduced;</li> <li>• Although a lot of effort was invested in reducing the number of unsupported invoices recorded in the system, further work will need to be performed to eliminate this issue fully.</li> </ul> <p><i>(In this context 'unsupported invoices' shall be taken to mean invoices where no supplier information is available.)</i></p>	<p>within the system; and</p> <ul style="list-style-type: none"> <li>• Issues associated with the posting of unsupported invoices within the system.</li> </ul>		<p>as this a “Task and Finish Group” has identified a number of activities that can take place to target ongoing areas where non compliance can be identified. The group has also identified improvements to ways of working to continue to reduce the number of unsupported invoices in the system. It must be recognised though that any unsupported invoice requires 2 levels of approval , one from person responsible and one from a Finance area.</p>	
<p><b>Accounts Receivable</b></p> <p><b>Good Practice</b> A formalised process is in place to ensure old debts are identified and system notifications are generated and sent to debtors on a regular basis.</p>				

Detailed Observations	Recommendation	Priority	Management Response	Officer Responsible and Implementation Date
<p>Formal bank reconciliations are performed on a monthly basis.</p> <p><b>Areas for Improvement</b> Our testing of debt ageing within the SAP system has indicated the following:</p> <ul style="list-style-type: none"> <li>• 11,978 open items aged over 180 days old;</li> <li>• total debt over 180 days exceeded £15 million.</li> </ul> <p>We were informed that a significant amount of old debt was carried forward from the legacy system and has not been written off since. However it was confirmed that approximately £3M of this old debt relates to land charges which by definition are unlikely to be collected quickly and debts relating to schools amount to £1.1M which is internal debt.</p> <p>Further, it was noted that management do not currently review debtor days to ensure</p>	<p>Management should review all outstanding debt to determine whether a portion of it should be written off.</p>	<p><b>High</b></p>	<p>Agree</p> <p>At the end of Mar 2010 an amount of outstanding irrecoverable debt was written off from our system . This totalled £550,594.78. We will continue to review our outstanding debt and take action to write off where appropriate. We also will continue to make provision in our accounts to ensure that we are covered for any bad debts.</p> <p>The total debt quoted over 180 days is not a category we identify on SAP although Auditors have informed us that this came from an analysis of the open items provided to</p>	<p>Lol Nugent</p> <p>Periodically throughout year</p>

Detailed Observations	Recommendation	Priority	Management Response	Officer Responsible and Implementation Date
<p>these are maintained at appropriate levels.</p>	<p>We recommend that debtor days are computed and reviewed on a monthly basis to ensure old, irrecoverable debt is identified and relevant action taken, as required.</p>	<p>Medium</p>	<p>them. An approximate breakdown of this debt into the categories MCC manage their outstanding debt shows that of the £15m o/s over 120 days £1.1m relates to internal debt between schools and the Council, £1.1m relates to old Benefit overpayments and approximately £3m relates to Land Charges which remain as a charge against the land/ property until sold. The remainder of approximately £10m is in the category of pursuable debt.</p> <p>The Council has recently reviewed it's Miscellaneous Debt</p>	<p>Lol Nugent Complete</p>

Detailed Observations	Recommendation	Priority	Management Response	Officer Responsible and Implementation Date
			<p>Recovery policy and procedures with a long term aim to ensure that debts do not age over one year before either being collected or written off.</p> <p>An aged debt analysis is produced each month by the Finance SSC and appropriate action is taken.</p>	
<p><b>Human Resources</b></p> <p><b>Good Practice</b> The SAP system allows organisational management which facilitates the process of cost centre management.</p> <p>Benefits achieved from the system include:</p> <ul style="list-style-type: none"> <li>• Improved absence management;</li> <li>• Greater control over payroll BACS payments and ability to extend BACS deadlines;</li> <li>• Increased data reliability and</li> </ul>				

Detailed Observations	Recommendation	Priority	Management Response	Officer Responsible and Implementation Date
<p>accuracy.</p> <p><b>Areas for Improvement</b> It was noted that a SAP e-recruitment system was setup as part of the SAP implementation process.</p> <p>During our review HR management were investigating a number of alternative online recruitment systems. Reasons cited for this include:</p> <ul style="list-style-type: none"> <li>• issues relating to the processing of paper job applications; and</li> <li>• users finding the system unintuitive or difficult to use.</li> </ul> <p>The selection committee has chosen TRIBAL, the market leader in e-recruitment software and intend to complete installation by midsummer 2010.</p>	<p>We support management's decision to replace e-recruitment with software more closely in compliance with their needs.</p>	<p><b>Medium</b></p>	<p>Agree</p> <p>A decision has been taken by Senior Management to procure the "Tribal" E-Recruitment package along with the other AGMA authorities as part of a joint working initiative. This will be a hosted solution as this was felt to provide the most cost effective long term solution, both in terms of enhanced customer satisfaction due to minimising downtime and user friendliness of system and also ensuring best practice and improved working together with our neighbouring authorities.</p>	<p>Stephen Forrest, Project Manager , DOT.</p> <p>September 2010</p>

