

Actions Arising from the 2006/07 Statement of Accounts – Progress Report

	Weakness	Corrective Action	Progress by 31 December 2007
a.	The Agresso 5.5 financial management system has not been fully implemented, causing weaknesses in budget monitoring, financial reconciliations, payment of supplier invoices, raising of sales invoices and debt recovery.	The system implementation project needs to be completed including: <ul style="list-style-type: none"> • resolving all set-up/software conflicts • catch up with processing backlogs • fully documenting processes • re-training of users • user acceptance testing of all system functionality 	25% completed. The new Agresso 5.5 SODC-Vale system was set up in Oct 06 – April 07, going live on 16/4/07. Since going live the system has experienced problems, many of which were (partially) improved in the informal transition period to Nov 07. When problems persisted, the Vale took over formal project management responsibility, resulting in the agreement and issuing of v.5 of the Agresso Recovery Activity Plan on 19/12/07, with formal notice to Capita that the Plan needed to be completed by April 08 to avoid contractual action. Officers will closely monitor progress against the Plan.
b.	Financial processes have changed as a result of harmonisation with SODC, introducing Agresso 5.5 and outsourcing to Capita – without documenting and testing them fully.	All financial processes need to be fully documented end-to-end, setting out the respective roles & responsibilities of Vale, SODC and Capita staff. All processes need to be tested, and revised if necessary, to ensure adequate and effective internal control is maintained. The documented processes need to serve as suitable instruction/training manuals.	10% completed. The Vale has provided a process template to Capita for use in documenting all financial processes. One process set has been provisionally documented (payroll – see d below). Capita has been drafting the remainder although not yet shared with Vale/SODC. The Agresso recovery activity plan requires Capita to complete the documentation by mid March (task 241), for Vale/SODC officers to check them (task 242), for them to be published on the intranet (task 243) and for all processes to be tested (tasks 277 & 304).
c.	Financial Regulations are out-of-date following the introduction of new Vale-SODC-Capita shared service processes.	Financial Regulations need to be revised in accordance with the new harmonised and more efficient working practices, whilst maintaining adequate and effective internal controls.	0% completed. Awaiting the completion of the Agresso implementation project, when financial processes will stabilise and be agreed. As an interim measure the Chief Finance Officer personally approves new financial arrangements, special measures and delegated authorities.
d.	The new Payroll processes set up by	Capita need to document the new processes and agree internal control	75% completed. Capita has introduced additional controls and revised its processes in agreement with Vale staff. These

	<p>Capita contained inadequate controls, resulting in a failed BACS payroll payment run (requiring manual intervention).</p>	<p>requirements with Vale officers. The processes need to clearly set out Capita and Vale roles and responsibilities and provide multiple/back-up controls so that payroll failure cannot not recur.</p>	<p>processes have been documented in a comprehensive end-to-end process manual which serves as an instruction/training manual.</p> <p>The Vale's payroll input stages were being documented by the HR Section. However, the Vale's payroll function will be merged with the SODC function (SODC to host) on 1/2/08 which could delay the completion of the clientside documentation.</p>
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