**Finance Process overview**

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|  | **Summary Details** |
| **Process Name** | Expenses |
| **Process Owner** | TBC |
| **Process Objective** | Ensure expenses (direct, payroll, intercompany, recharges, allocations and other related expenses and payments) recorded in the ledger are accurate and complete. |
| **Process Scope** | The process includes setting up and maintaining supplier and employee master files; recording of expenses in the ledger including the expense approval process; payment of expenses; expense recharges and allocations and analysis within FDM including the setting up of expense allocation rules, expense allocations processing/calculations and posting of expense allocations adjustments from FDM to the ledger. |

**Summary of Findings and Recommendations**

Below is a list of findings or recommendations identified in the premium process:

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|  | **Summary Details** | **Classification**  *(design gap, control gap, process improvement)* |
| 1 | There is no standard consistent way of approving changes to supplier master data. A standard approval process operating in US and UK where the Accounts Payable manager approves all such changes is not in place in other regions mainly due to lack of resources. Although there are some compensating controls in place (e.g. approval of all invoices), consideration should be given to standardise this process. Approval of changes to supplier master data could be done globally if supporting documentation is attached to the supplier master file request for change. | control gap |
| 2 | The expenses accrual process is not standard and consistent globally. UK MI Reporting team maintains an accrual schedule containing all accrued expenses and calculates releases and associated journals from the accruals control account to the profit and loss accounts. The accruals schedule is reconciled to the accruals control account on a quarterly basis. The reconciliation is reviewed and signed off by the MI Reporting Manager. The same process is not applicable to US and other locations where different accrual processes are used. Consideration should be given to standardise or implement a global process. | Process improvement |
| 3 | Only two members of staff (Richard Booth and Bob Sherlock) are able or knowledgeable to prepare the payroll summary reports and post the payroll journals. There is a risk of key person dependency. Suggest training another individual to perform this task if required.  Also the work performed by Talent Management (Richard Booth) is not currently being reviewed at source which may result in errors not being detected on time. | process improvement |
| 4 | Expenses data load from source systems/input files to FDM is significantly manual via the FDM control sheet and prone to human error. Finance should consider making this process automated. | process improvement |
| 5 | The posting of expense allocations journals from FDM to Agresso is significantly manual via posting engine sheet and prone to human errors. Finance should consider making this process automated. | process improvement |

**Future Development Requirements**

Below is a list of findings or recommendations identified

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|  | **Summary Details** |
| 1 | Automation the expenses data upload from source systems/input files to FDM. |
| 2 | Automation of the posting of expense allocations journals from FDM to Agresso. |

**Risk Register Controls**

Below is a list of controls identified for the risk register

| **POAP Major Process Objective (s)** | **Risk Register Control** | **Status/Comment** |
| --- | --- | --- |
| Ensure supplier and employee master data is valid, accurate and complete. | Accounts Payable Manager approves all changes to supplier master file on Agresso for UK&US trade creditors and employees (new supplier/ employee set up or amendment) to backing documents attached in Agresso prior to the change being live. The default period is 30 days. | New Proposed control. This is in place in UK and US. Various compensating controls are applied in other countries. Recommended to consider applying the control globally. |
| Ensure all valid business expenses are accurately and completely recorded in the ledger.  Ensure payroll costs, intercompany expenses, recharges and other related expenses are accurately recorded | A Global expense approver listing is maintained. This is used to populate Agresso Workflow and Concur. Changes made throughout the year are approved by the Finance Director. The list is reviewed and approved annually.  Access and roles in Agresso, Concur, MoneyCorp, and Barclaycard (to be Scotia) are reviewed on an annual basis. | This is an existing control which is not currently captured on the risk register. |
| DCR reports are reviewed on a monthly basis | This is an existing control which is not currently captured on the risk register |
| The balance sheet control accounts & Dashboard are reconciled on a monthly basis. | This is an existing control which is not currently captured on the risk register. |
| Prepayment schedule, prepayment amortisation calculations and journals and the reconciliation of prepayments schedule to the general ledger is reviewed and signed off by senior Finance Management. | This is an existing control which is not currently captured on the risk register |
| Fixed Assets schedule, fixed assets amortisation calculations and journals and the reconciliation of fixed assets schedule to the general ledger is reviewed and signed off by senior Finance Management. | This is an existing control which is not currently captured on the risk register |
| Ensure that payments are made only for valid /authorised expenses and that the payment is accurately recorded | Bank payment runs are reviewed and authorised by two different Payment Approvers before payment is released to the supplier. The review includes ensuring that:  i. Workflow (AP type/ coded ) payments have been approved in workflow (system driven).  ii. Manual (PI/PO type/coded) payments have been approved by staff with the appropriate authority to approve such expenses and that appropriate supporting documentation is attached.  Any payments rejected by at least one of the Payment Approvers are referred back to AP team. | This is an existing control which is not currently captured on the risk register |
| Ensure expense allocations are valid, accurately calculated and recorded in the ledger. | Expense allocation rules are approved by way of sign off by senior management as part of the budgeting process before they are updated to FDM. | This is an existing control which is not currently captured on the risk register |
| - Analytical reviews of expenses, including current and historical expenses trends  - Monthly analysis of expense amounts against budget and prior period  - Management review of significant premium deviations from expectations. | New Proposed control. Some of analytical reviews are in place but the control is not captured on the risk register. |