

End to End Processes – Are You In Control?

The challenge

These days, successful processing of financial transactions depends not only on effective controls within your own business, but also in:

- IT processing applications, in particular for NEP clients, Oracle Financials;
- Third party systems responsible for managing them.

And not only on controls within the process itself – whether manual or automated within the application – but also controls over user administration and the environment in which IT systems are managed. Pretty soon, making sure you have the right controls in the right place, and knowing how you get assurance on them can be a significant challenge, as processes span several organisations and even more locations.

Successful financial processing also depends on getting best value from the system, in terms of both control and processing efficiency. As NHS organisations face strenuous management cost reduction challenges, the search for efficiencies is increasingly important. Yet at the same time, smaller Finance teams and leaner structures create separation of duties risks which could increase the opportunity for fraud. More and more, external auditors are asking management whether they have reviewed the adequacy of controls in end to end processes and can demonstrate assurance on them.

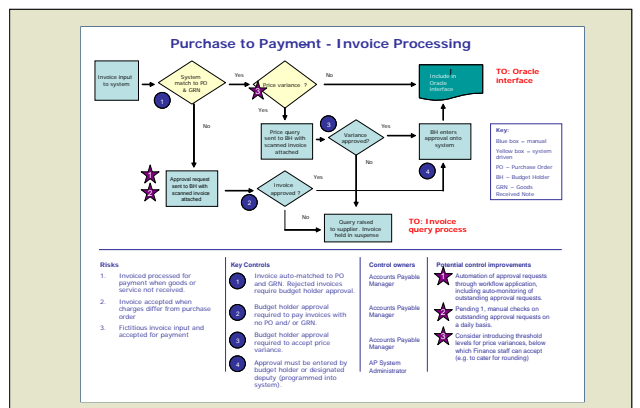
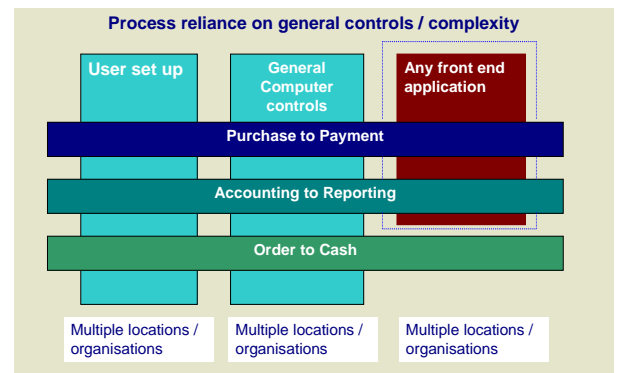
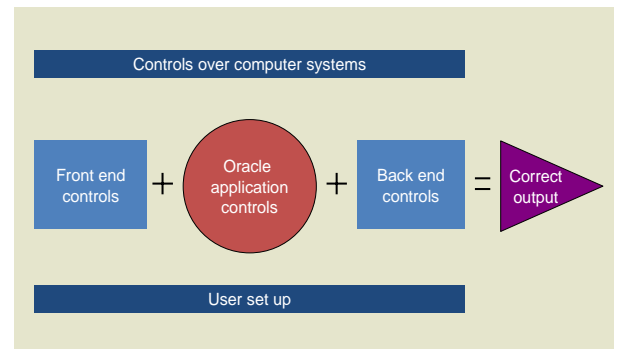
Some key questions for organisations to ask are:

- Do I understand all the controls in place within the end to end process for, for example, processing an invoice through to payment?
- Do I know who is responsible for them (which organisation and which individual)?
- Do I receive assurance on each of the key controls and am I alerted to any issues arising?
- Do I understand where my controls and processes depend on third party controls over computer systems, or where their controls depend on input from my team?
- Are my controls and processes as streamlined and efficient as possible without compromising their effectiveness?

Audit North's methodology

Working in partnership with NEP, and taking account of the views of external auditors, we have developed a systematic methodology to provide answers to the above questions which is quick to implement, sustainable and low cost. We:

- Document the end to end process in easy-to-use process maps which can be handed over to you to form part of your controls documentation.
- Through workshops with key managers we review the process maps to identify any gaps or duplication in controls and we apply a number of lenses to assess their efficiency and cost effectiveness.
- We liaise with assurance providers such as internal and external audit, and third parties' auditors to identify and map



assurances received in respect of key controls and any gaps or duplication.

- We agree action plans in respect of gaps or efficiency opportunities and provide a summary report for the Director of Finance or the Board.

It takes approximately two days to map a process and workshops typically take a few hours. NEP have classified the service as a 'value added service' on which partner days can be spent.

'Thank you for your hard work in mapping out our general ledger, accounts payable and accounts receivable processes. The documents identify data flows through the feeder systems and Oracle, the controls we have in place and areas to further develop controls. A really useful and informative piece of work' (Head of Finance, NHS Trust)

Outcome		P2P	O2C	A2R
Number of key controls	Manual	9	10	7
	Automated	9	8	5
	Total	18	18	12
No of controls covered by current assurance work		14 / 18	16 / 18	12 / 12
No of duplicated controls		0	1	0
No of control objectives not covered		1 / 13	0	0
No of additional controls recommended		5	2	1
No of potential efficiency improvements		1	3	0

	No / minor issues to address		Issues limited to specific areas
	Action needed to address more widespread gaps		Fundamental weakness in controls or assurance arrangements

To find out more

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