

Customer Solutions

CASE STUDY

INDUSTRY: Local Government

PROFILE: The oneSource shared service is a tri-borough partnership of the London Boroughs of Bexley, Havering and Newham.

To meet cost reduction targets, the three councils brought several of their back-office functions together into a shared service, combining their Accounts Payable, HR and payroll. oneSource, is now the largest public-sector shared service in the UK.

SITUATION: The combined Accounts Payable departments employ 24 people and process approximately 500,000 invoices per year, which total to £2.5B of supplier spend. The majority of invoices and other transaction documents are received electronically, approximately 20% are received on paper and manually entered into the Oracle ERP systems.

From previous projects, there was awareness that duplicate and incorrect payments were a concern, often caused by invoices being submitted via multiple routes, and although not affected, the risk of fraud cannot be ignored. The finance teams had previously relied on their ERP system's basic PO checks and infrequent audits to find payment irregularities.

SOLUTION: NXG Forensics was recommended by Bexley Council – existing users of FISCAL's solution and was implemented at Havering and Newham Councils. Each Accounts Payable team now uses FISCAL's solution to analyse all invoices approved for payment and flag those that are a high-risk of being erroneous – crucially, before the payments are made.



Tri-borough partnership reduces costs and increases financial governance

QUICK READ

Three London boroughs joined forces to create the oneSource shared service, and use FISCAL's risk management solution in each Accounts Payable team to analyse and protect 500,000 supplier transactions with a value of £2.5 billion per year, preventing duplicate and fraudulent payments.

As well as protection from the known risks, FISCAL's forensics and artificial intelligence (AI) powered analytics protects from future, unknown risks.

The benefits received by oneSource include cost savings, working capital protection, process improvement and good governance assurance.

"FISCAL Technologies' NXG Forensics solution has clearly demonstrated its value, with immediate cost reduction, process improvements, and long-term P2P protection assurance."

Dave Gibbs, Head of Revenues & Transactional Finance

BACKGROUND

Since 2008, the government's austerity programme has led to spending cuts being passed down to local authorities. All London Boroughs and councils nationwide need to make efficiency gains and cut costs within their finance teams, to maximise the amount of their income that is available for public services. The oneSource group (Havering and Newham initially, later joined by Bexley) was formed to streamline processes and teams to considerably reduce corporate support costs. Demonstrating its success, in 2017/18 alone, oneSource saved £12.85m and received an 81% customer satisfaction rating.

The oneSource teams had found that previously, their existing financial controls in the area of supplier payments were manual and time consuming. They had once been adequate but had not scaled-up as the number of transactions increases and the ways in which errors occur evolved. Their prior control methods were mainly ERP-based PO number matching and manual checking.

As part of the broader strategic initiative to make efficiency gains, and having identified that the multiple methods that suppliers now have for submitting invoices created risk of duplicate invoice payments, the oneSource team targeted this with the introduction of FISCAL's solution.

"Implementing NXG Forensics has been straight forward thanks to FISCAL's services team, and our protection and payback has been rapid. We look forward to working more with FISCAL to add further value to our risk protection strategy."

Dionne Fluck, Payables Manager

SOLUTION

With FISCAL's solution already deployed by Bexley, Havering and Newham councils selected FISCAL's NXG Forensics P2P risk management platform to protect their supplier spending. Each Accounts Payable team now receives a short, prioritised list of high-risk invoices to review, prior to any payments being made.

The close cooperation supported by using the same reports across all three boroughs has helped identify common risks and their resolution, without requiring any changes to the strong team structures each team has in place. Additionally, process improvements and best practices are shared, which provides further cost savings across the shared service.

In addition, the central procurement function benefits from insights gained locally to improve processes upstream from AP, benefiting each team with improved supplier and invoice data quality as they process transactions – which leads to fewer exceptions to investigate.

RESULTS

Using forensics and artificial intelligence, FISCAL's solution identifies high-risk transactions before any payments are made, presenting a prioritised risk-list that keeps the AP teams focused on only high-risk items. Now, in a short amount of time each day, irregularities are investigated, root causes identified, and incorrect payments are stopped.

The robust controls provide the assurance that senior finance managers and auditors require; that suitable processes are in place to protect the three boroughs' working capital, operational efficiency, and reputation.

The oneSource partner boroughs immediately began preventing duplicate and fraudulent supplier payments, which hitherto could have been undetected. Having an automated and intuitive system, has allowed the partnership to release resource and focus their attention on ensuring suppliers receive timely payments.

In addition, time saved in the daily invoice processing has been reduced by focusing investigations onto a small number of high-risk transactions. Only invoices of concern are red-flagged, and each is investigated in less time due to the insights that FISCAL's solution provides alongside the alert. These two benefits rapidly cost-justified the solution, producing an ROI that will continue to increase as more NXG Forensics functionality is deployed across the three boroughs.

Additional benefits include further process inefficiencies being identified and rectified, and improved supplier relationships. Later this year, historical transactions will be analysed in a one-off exercise, identifying a further tranche of duplicate payments that can be recovered.

Finally, while the boroughs migrate to Oracle Financials Cloud, payments will continue to be protected during transition, as the transactions history used in the checking of new invoices is held by the FISCAL solution, providing continuity of protection during and after the upgrade.

CONCLUSIONS

By adopting a proactive strategy, oneSource is protecting the working capital of its three partner members, eliminating the need to recover overpayments and protecting against the risk of other types of errors and fraud.

Analysing the root causes of errors leads to process improvements, resulting in a more productive finance teams, and ultimately, more funds being deployed on public services.

"FISCAL's solution gives us confidence that all risks to supplier payments, whether from error, process inefficiency or fraud, are identified and prevented, contributing to oneSource's overall savings, and protecting public funds."

In addition to the time saving and protection from financial loss, FISCAL's solution provides senior finance managers with assurance that robust, validated controls are in place."

Dave Gibbs, Head of Revenues & Transactional Finance

FISCAL Technologies is a world-leading provider of forensic solutions and services that empower finance teams across the globe to protect organisational spend.

Incorporating unique technology to reduce risk in the supply chain, FISCAL Technologies' award-winning, cloud-based risk management platform is used on a continuous, preventative basis to protect supplier spend, defend against fraud, increase profitability and drive process improvements.

Since 2003, FISCAL's solutions have processed over 1 billion transactions with a value of over £5 trillion in spend and are now relied upon by over 250 leading private and public sector organisations.



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