



**Internal Audit Report**

**Commercial & Procurement Services**

**InfoSmart System**

**Issued to:**

Richard Ellis, Interim Director of Corporate Governance  
Craig Innes, Head of Commercial & Procurement Services  
Steve Whyte, Head of Finance  
Carol Wright, Business & Procurement Improvement Manager  
Anne MacDonald, Audit Scotland

## **EXECUTIVE SUMMARY**

InfoSmart is an electronic document and record management system used by the Council to manage the processing of invoices, payment vouchers and batch headers. During the year to 31 March 2016, the system was used to process 127,958 documents.

The objective of this audit was to consider whether appropriate control is being exercised over the InfoSmart system, including contingency planning and disaster recovery, and its data input, and that interfaces to and from other systems are accurate and properly controlled. This involved reviewing written procedures, interviewing staff and accessing the system.

In general, the InfoSmart system controls were found to be robust, well managed and adhered to. Areas identified for improvement included contract management; user access; and system reporting capabilities to enable reconciliation of data in eFinancials and InfoSmart.

## **1. INTRODUCTION**

- 1.1 InfoSmart is an electronic document and record management system used by the Council to manage the processing of invoices, payment vouchers and batch headers. The system is currently supplied and supported by Computacenter; the contract is due to be renewed in April 2017, although there is an option for a year's extension. The original software vendor, OpenText, provides support for the AdLib module which provides PDF scanning capabilities direct to InfoSmart on a rolling renewal basis which is next due for review in July 2017. Contracts are held by ICT.
- 1.2 During the year to March 2016, the system was used to process 127,958 documents. In the current year to 2 August 2016, 39,172 documents have been processed.
- 1.3 The objective of this audit was to consider whether appropriate control is being exercised over the InfoSmart system, including contingency planning and disaster recovery, and its data input, and that interfaces to and from other systems are accurate and properly controlled.
- 1.4 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Carol Wright, Business & Procurement Improvement Manager.

## 2. FINDINGS AND RECOMMENDATIONS

### 2.1 System Information

- 2.1.1 InfoSmart is the name used by the Council to refer to the OpenText R/KYV electronic document and record management system, which is used as part of the processing and storage of invoices, payment vouchers and batch headers. Data is input into the InfoSmart system directly by staff or through an interface with the DB Capture server which is updated by a suite of software designed to capture invoice data in a variety of formats for transferring to financial systems. Data is then automatically interfaced from the DB Capture server to the eFinancials creditors system to make payment.

### 2.2 System Supply & Maintenance

- 2.2.1 The system is currently supplied and supported by Computacenter; the contract is due to be renewed in April 2017. The original software vendor, OpenText, provides support for the AdLib module which provides InfoSmart with PDF scanning capabilities. The OpenText support is provided on a rolling annual renewal basis and is due for review in July 2017.
- 2.2.2 The contract with Computacenter consists of three documents, one of which has expired. The expired document contained the contractual terms and conditions.
- 2.2.3 Under the InfoSmart contract the supplier is required to monitor and review the quality of the Services provided and report to the Council on this. To date, performance management reports have not been provided by the supplier.

#### **Recommendation**

Commercial and Procurement Services should liaise with ICT to complete a contract review to ensure that all contract documents are valid and contain appropriate terms and conditions.

Commercial and Procurement Services should liaise with ICT to identify an individual to act as system owner, who should ensure that performance management reports are provided as required by the contract.

#### **Service Response / Action**

Agreed.

#### **Implementation Date**

December 2016

#### **Responsible Officer**

Business & Procurement  
Improvement Manager

#### **Grading**

Important within audited  
area

### 2.3 System Access & Security

- 2.3.1 In order to gain access to the system, a New User Form has to be completed and authorised electronically by the new user's Line Manager, sent to the relevant Directorate Support Officer for authorisation, and then emailed to the InfoSmart inbox to be processed by the Accounts Payable (AP) team. The form states the access level and authorisation limit.
- 2.3.2 The system is not password secured and does not disable user account access after a period of inactivity. However, the system can only be accessed by staff who have logged on to the Council network with a Novell username and password, which is maintained and monitored by ICT. The InfoSmart system identifies the user through these credentials to offer the correct level of access.

- 2.3.3 Staff are required to undertake a data protection course “Data Protection Essentials” and information security training “For Your Eyes Only” which reduces the risk of inappropriate access to the system. Data Protection training within the AP team was addressed following an audit of the creditors system (issued in November 2015), while Data Protection across the Council is currently the subject of a separate audit.
- 2.3.4 Services are requested to inform the AP team of members of staff with access to the system leaving the Council so that access can be revoked. The AP team do not currently have any other way of identifying members of staff who have since left the Council. From testing a sample of 28 former employees, 7 are still ‘active’ in the InfoSmart System.
- 2.3.5 Under the terms of the InfoSmart contract, Computacenter provide 2000 named user licenses for perpetual OpenText RKYV electronic document management and workflow. There are currently 1737 licenses in use. If former employees continue to be allocated InfoSmart licences there is a risk that the Council could allocate named user licenses in excess of the 2000 allowed under the terms of the contract. This could result in an unexpected charge for the use of the additional licenses.
- 2.3.6 It is important that authorised users are granted appropriate access levels commensurate with their role, whilst simultaneously giving due consideration to segregation of duties. Access levels are assigned to users when their profile is first set up by the AP team. Access levels are:
- View only – permits read-only access to all documents
  - Requisitioner – permits read-only access to all invoices; raise payment vouchers and view and amend those raised by user
  - Authoriser – permits read-only access to all invoices; access to all invoices without a related Pecos order to add financial data and comments; raise payment vouchers and view and amend those raised by user
  - Processing – permits invoice and supplier records to be accessed and amended
  - System Administrator – all access (only two members of staff have this level).
- 2.3.7 There is not an option on the System Access Form for a ‘view only’ access level. For one employee, the System Access Form ‘notes’ section requests ‘view only’ access but the employee has been given requisitioner access.

**Recommendation**

Consideration should be given to adding a ‘view only’ option to the System Access Form.

The Service should investigate and amend the incorrect level of access granted.

Commercial and Procurement Services should work with HR&OD to amend the leavers’ process so that they are advised when employees with InfoSmart access cease their employment with the Council.

The Service should ensure that the 7 active user accounts for personnel who have left the Council are disabled.

**Service Response / Action**

Agreed.

**Implementation Date**

October 2016

**Responsible Officer**

Accounts Payable Team  
Leader

**Grading**

Significant within audited  
area

## **2.4 Written Procedures**

- 2.4.1 Comprehensive written procedures which are easily accessible by all members of staff can reduce the risk of errors and inconsistency. They are beneficial for the training of current and new employees and provide management with assurance of correct and consistent practices being followed, especially in the event of an experienced employee being absent or leaving.
- 2.4.2 The InfoSmart system is used by Services across the Council as part of the invoice processing procedure and is administered on a day to day basis by the AP team. A basic guide for users is available on the Zone, while the AP team have administrative guidance and process maps. The manuals are clear and the processes described were followed by Internal Audit without difficulty.

## **2.5 Interfaces & Data Input**

- 2.5.1 Electronic copies of invoices are provided, for the most part, through DB Capture. The InfoSmart system interfaces with the DB Capture server in order to acquire invoice data and images from that system's Archive area. This data is input to the DB Archive by staff scanning paper invoices using DB Capture software; by suppliers sending PDF invoices in the appropriate format to a specified email address, which are then processed by the software; or through the online CloudTrade service used by certain suppliers to send invoices. Such invoices are validated by CloudTrade before the data is interfaced directly to eFinancials, registering the invoice and creating a voucher number, while the image is uploaded to the DB Archive.
- 2.5.2 The DB Capture system interfaces the invoice data it holds with eFinancials for registration and identifies if the invoice has a purchase order number. If not, a script is run every 30 minutes to extract the data and transfer it to InfoSmart, where an electronic index card is created for each invoice and a workflow task is created for the invoice to be authorised and manually processed. Invoices with PO numbers are held until a matching exercise is run in eFinancials at the end of the working day. The results of the exercise are reported back to DB Capture and the data is sent to InfoSmart for index cards to be created. Workflow tasks are created for invoices which could not be matched to purchase orders to be investigated and resolved. Matched invoices will have been automatically batched for payment within eFinancials and are auto-indexed as "Filed", with no further action necessary.
- 2.5.3 Invoices which cannot be read by the DB Capture software are scanned directly into InfoSmart by the AP team and then manually validated by authorised signatories in InfoSmart before being registered and paid in eFinancials by the AP team.
- 2.5.4 As a result every invoice received by the AP team is recorded within InfoSmart with an image and electronic index card to allow searching. The original paper invoices are filed by the AP team and securely destroyed after 6 months.
- 2.5.5 30 invoices input to InfoSmart during the week beginning 4 July 2016 were checked against the original documents to confirm that the data transferred correctly between financial systems before updating InfoSmart. All the electronic records in InfoSmart agreed to the invoices which had been submitted by suppliers in an electronic format. The Service advised that an error had yet to be observed when invoice data was received from suppliers in an electronic format.
- 2.5.6 In one case, an invoice had been manually scanned directly to InfoSmart by the AP team. Invoice details were input into eFinancials manually as a result, with the supplier being identified in eFinancials using data provided in the invoice. The index card in InfoSmart

was then automatically updated as a result. The forename of the supplier, a sole trader, in the eFinancials record did not match that given on the invoice but this mis-match was not observed or investigated at the time. The Service has since established that the supplier was the source of both names and the supplier has been requested to ensure that future invoices are consistent with the data originally given. While this error appears minor, there is a risk that, if the invoice details are not matched to the supplier data, the wrong supplier could be paid. Making inappropriate payments could expose the Council to reputational damage as well as potentially causing financial loss through difficulty in recovering the payment and late payment to the correct supplier. The Service has advised that the risk is controlled as the correct supplier is identified through matching other details such as purchase order numbers or bank account information.

2.5.7 InfoSmart is also used to process payment vouchers, internal purchase orders and batch headers, and to store supplier data records and supporting documents. To confirm the accuracy and timeliness of data input, 30 records input to InfoSmart (10 each of invoices, payment vouchers and supplier data amendments) during the week beginning 4 July 2016 were compared with the original document and, where relevant, with data in eFinancials.

2.5.8 All 20 invoices and payment vouchers had been entered timeously and accurately. However, three errors were observed in supplier standing data form input. In two cases names had been misspelt when input to InfoSmart. However the names had been spelled correctly when input to eFinancials. The Service advised that such errors in InfoSmart had no consequences so long as the correct data is held in eFinancials. In the third case, when a document had been received to support an amendment to standing data, it was attached to the wrong supplier record. The error was corrected the next day. The Service advised that this happened because the document was sent from another Service who provided an incorrect supplier number. When the document was initially filed it was given the number provided; however as soon as the document was processed the error was observed and the correct supplier record was updated.

## 2.6 Reports & Reconciliation

2.6.1 There are currently no regular reconciliation checks by AP staff to confirm that all files have interfaced successfully. Both the DB Capture system and the CloudTrade system send emails confirming job success or failure which are filed for reference in case of disputes. Scans input directly to InfoSmart are reviewed by AP Processing staff to confirm that images are acceptable and invoices are valid.

2.6.2 Spot checks are run by ICT of the DB Capture holding area to review file transfers. The ICT Analyst responsible is looking at working with the system supplier to create a script which could identify all files which have not been transferred. The AP Team Leader has access to a report within the eFinancials system that checks the holding area for items which have not been transferred to InfoSmart because an issue needs to be resolved.

### **Recommendation**

The Service and ICT should continue to explore the possibility of creating reports which would enable a reconciliation of the number of invoices in eFinancials and InfoSmart.

### **Service Response / Action**

Agreed.

### **Implementation Date**

December 2016

### **Responsible Officer**

Operational Support  
Analyst

### **Grading**

Important within audited  
area

## **2.7 Business Continuity & Disaster Recovery**

- 2.7.1 The Disaster Recovery and Business Continuity Plan is held by the Grampian Emergency Planning Unit, a shared service team co-ordinating the emergency planning for Aberdeen City and Aberdeenshire Councils. The InfoSmart and associated systems are considered within the Finance Service Business Continuity Plan, which describes the risk reduction measures, how critical data is backed up and the procedure to follow in the event systems cannot be accessed. The Plan was provided to Internal Audit and was found to be comprehensive and up to date with the exception of the named system owner for InfoSmart. The Service advised that the Plan is in the process of being updated.
- 2.7.2 A disaster recovery exercise was run with Atos, who provided Data Centre services to the Council at the time, in November 2014. This included the InfoSmart and DB Capture systems. The results were satisfactory. Since January 2016 Data Centre services have been provided by Brightsolid in Aberdeen. Until the new disaster recovery process is fully configured, ICT have put temporary arrangements in place to secure data in the event of there being unavailability of the necessary servers. All data is currently being replicated to a recovery datacentre based in Dundee. Current arrangements were reviewed and were found to be adequate.

**AUDITORS:** D Hughes  
A Johnston  
L Jarvis  
A Mitchell

## Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
<b>Major at a Corporate Level</b>	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
<b>Major at a Service Level</b>	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached.</p>
<b>Significant within audited area</b>	<p>Addressing this issue will enhance internal controls.</p> <p>An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
<b>Important within audited area</b>	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.