

Agenda Item 8.

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| TITLE | Retrospective Purchase Orders |
| FOR CONSIDERATION BY | Audit Committee on 23 June 2015 |
| WARD | None Specific |
| DIRECTOR | Graham Ebers – Director of Finance & Resources |

OUTCOME / BENEFITS TO THE COMMUNITY

Offering excellent value for Council Tax Payers

RECOMMENDATION

That the Committee note the report and the actions being taken to reduce the incidence of raising retrospective purchase orders.

SUMMARY OF REPORT

This report details the progress being made to reduce the incidence of raising retrospective purchase orders (RPO). The last report presented to the Audit Committee was in December 2014.

In September 2014 the new financial system went live. As reported to Audit Committee in December 2014, this has, as with most new implementations of this significance, not been without its teething problems. The level of RPO's at the changeover to the new system rose to 48% which were as a result of the migration of data between the two systems. This has seen a downward trend in subsequent months.

The incidence of RPO's are regularly discussed at the Extended Corporate Leadership Team meeting on a monthly basis. This has raised the profile of the practice and the risk to financial management.

Reporting for the current month stands at 23%. Reporting for April was 24%. A total of 248 RPO's were raised in the month. This covered some 186 suppliers. A total of nine RPO's (value £3,349) were raised against Woodley Town Council, which in the main (7) were for hire of premises.

The value of retrospective orders raised during May 2015 was £433,671 and ranged from £10.06 to £54,492.66. 15 of the total were in excess of £5,000, two of which were in excess of £50,000. The largest RPO was raised for £54,493 against the Smart Criminal Justice Services for the annual contract renewal relating to the Drug Action Team.

All suppliers will now be written to, to emphasise the importance of quoting a valid purchase order number to avoid delays in processing any payments. Some suppliers email an invoice on the same day that services are requested and therefore automatically become RPO's, these are being investigated further to establish whether they should form part of a particular exceptions list. Any exceptions will need to be included in the Finance Regulation and therefore subject to approval from the Constitutional Review Working Group.

Finance business partners continue to work across the council to minimise the level of RPO's being raised.

The attached information breaks this information down in more detail.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|-------------------------------|---|---------------------|
| Current Financial Year (Year 1) | Nil | | |
| Next Financial Year (Year 2) | Nil | | |
| Following Financial Year (Year 3) | Nil | | |

Other financial information relevant to the Recommendation/Decision

N/A

Cross-Council Implications

N/A

Reasons for considering the report in Part 2

N/A

List of Background Papers

N/A

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