

ReadSoft research finds local government lacks strategic finance intelligence to respond to cutbacks

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Research into local government authority accounts processing by ReadSoft (<http://www.readsoft.co.uk/>), a specialist in document and back office automation, has revealed concerns over the ability of 75% of finance departments to successfully respond to ongoing government imposed cutbacks.

- A quarter of local councils fail to deliver standard audit data on request
- Automation and 'read to report' management processes would reduce costs and improve compliance

Simon Shorthose, Managing Director, ReadSoft UK says: "Given the nature of the data requests - which were no different from the most basic external audits - the inability of more than three quarters of authorities to deliver accurate data which would be standard in the private sector is cause for grave concern."

To assess efficiency within the finance function of local district and county councils, ReadSoft employed freedom of information to collect data from 404 UK authorities. 12 were found to be outsourcing the finance function so were excluded. Of the remaining 392 just 23.5% were able to provide accurate figures for the number of invoices processed. 27.3% of authorities supplied poor quality, spurious or missing data meaning they had to be excluded. The remaining 49.2% could only propose estimated figures to within the nearest 50 to 100 invoices.

The research shows local authority finance departments exhibit low levels of invoice processing efficiency and a poor grasp of cost control, often due to a continuing reliance on manual processing. ReadSoft believes the automation of the invoice processing function would address many of these issues. Automation enables local authority finance departments to adopt a record to report (R2R) management process. This can help drive strategic development needed as government cutbacks erode local authority capability to deliver public services.

Back office automation collates and processes the real-time strategic, operational and financial information necessary for R2R. The feedback improves department compliancy, and enhances the management process keeping departments business agile.

"The research tells us local authorities will struggle to understand how the financial function is performing, and that has implications for service delivery," adds Shorthose. "R2R is a process that can make a real difference to forward looking councils, but this means making changes now. Automating the capture and processing of invoice documents into a council system can be achieved quickly, and with no upfront cost if they choose to deploy the latest Cloud based systems."

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For a calculation of an authority's current level of efficiency please contact ReadSoft at info-UK@readsoft.co.uk

About the research:

Employing freedom of information, ReadSoft compared local government financial processes in the fiscal year 2010-2011. Of the 404 UK authorities which responded to the requests, 285 authorities supplied viable data for assessment.

To benchmark the authorities' data the average cost of employing a finance officer in an accounts payable role was calculated to equate to £25,000 per annum

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About ReadSoft

ReadSoft is a leading global provider of software solutions for Document Process Automation. ReadSoft's software enables companies to automate document processes such as accounts payable processing (<http://www.readsoft.com/purchase-to-pay.aspx>), document capture, document sorting, and order to cash. ReadSoft is by far the world's number one choice for automated invoice processing (<http://www.readsoft.com/software-products.aspx>), especially into business systems from SAP and Oracle. Since the start in 1991, ReadSoft has grown to a worldwide group with operations in 16 countries on five continents and a network of local and global partners. The head office is located in Helsingborg, Sweden, and the ReadSoft share is traded on the NASDAQ OMX Nordic Exchange Small Cap list. For more information about ReadSoft, please visit www.readsoft.co.uk