Automation in Finance: Public Sector 2019

SURVEY REPORT

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INTRODUCTION

Automation is everywhere we look in today's society. Whether it is using our smartphones to pay a bill, or having an iPad take our order in a restaurant, automation is a critical part of every-day life, and the world of finance must be able to keep pace with these changes.

With the expansive digitalisation within the public sector, automation in finance is something which is now taking a front seat. Gartner has said that it expects robotics to be part of mainstream finance departments by 2020, stating: "fifty percent of controllers are in the process of implementing or have already implemented robotic process automation (RPA) in their teams. That number is predicted to grow to 88% over the next two years".[1]

With a lot of public sector organisations being partially automated, it is clear to see that full automation is in the not too distant future. Automation within finance will enable organisations to not only save money but will let them become more efficient in their day-to-day business life cycle. Due to this, organisations can also improve customer, as well as employee satisfaction

Now, iGov Survey have teamed up with leading automation provider, BlackLine, to examine how automation is modernising finance across the public sector, focusing particularly on the challenges organisations feel they must overcome to fully realise the benefits of automation.

1. Gartner 2019, https://www.gartner.com/en/finance/trends/new-digital-workforce

SURVEY METHODOLOGIES AND RESPONDENTS' PROFILE

This survey was conducted by iGov Survey in collaboration with BlackLine. The project ran from Thursday 28 March 2019 to Friday 31 May 2019.

Survey respondents represented a broad cross-section of job functions across the public sector. This included: Administration, Audit, Business Development, Business Management, Corporate Services, Finance Management, General Manager, Govern-ance, Human Resources, Information, IT Management, Operations, Organisational Planning, Performance, Planning, Procure-ment/Purchasing, Project, Revenue Benefit, Risk, Senior Manager, Service Delivery,

Strategy, and Transformation/Change Management.

A total of 83 individuals from 78 unique organisations participated in the survey, each of whom will have received a compli-mentary copy of the findings report. There was no inducement to take part in the survey, and BlackLine was not introduced as the survey partner.

The results displayed throughout this report are based on those who fully completed the questionnaire and are displayed as a percentage of this group, unless explicitly stated otherwise.
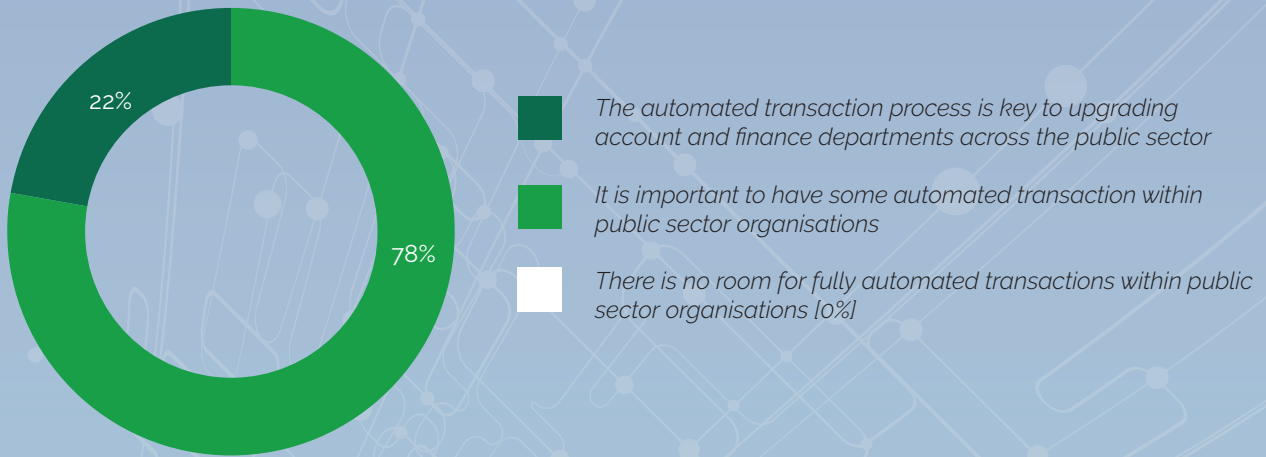
FIGURE 1: *Sector Breakdown*

- Central Government
- Local Government
- NHS
- Non-Departmental Public Bodies
- University
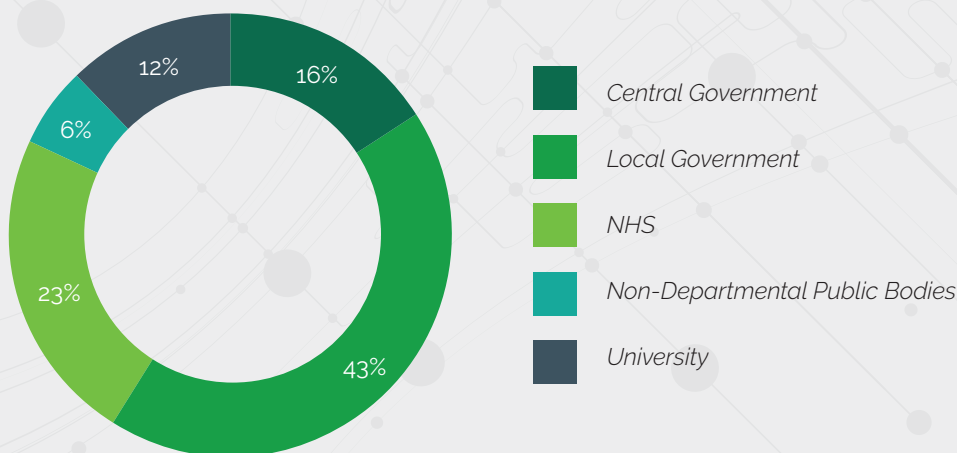
KEY FINDINGS

1. **Over three quarters (78%) believe that automated transaction processes are key to upgrading account and finance departments across the public sector**

All of our remaining participants (22%) told us that they view automated transaction processes as important for the sector. This is very encouraging to see and suggests that all participants are aware and understand the importance of automated transactions.
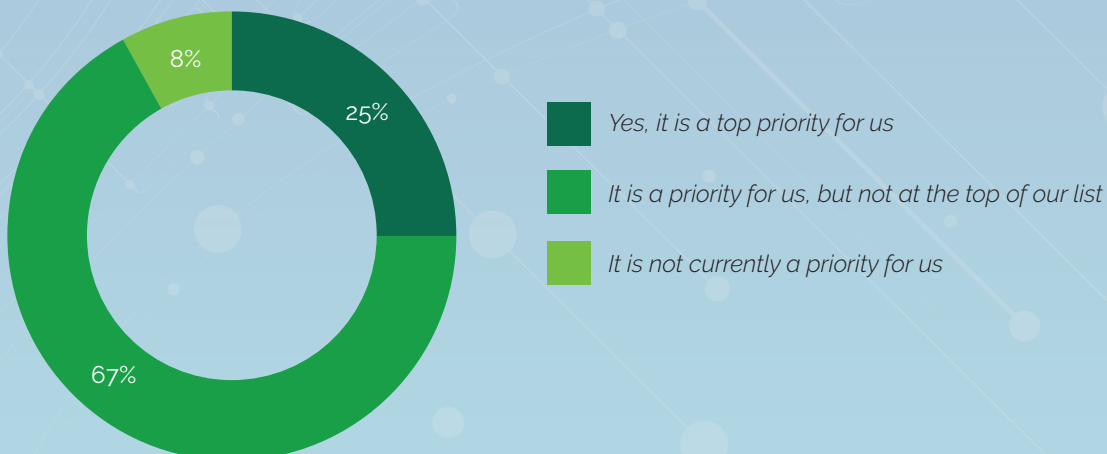
FIGURE 2: *In your opinion, what roles does the automation transaction process play within public sector finance departments? Please select the statement that most accurately reflects your thoughts.*

22%

78%

- *The automated transaction process is key to upgrading account and finance departments across the public sector*

- *It is important to have some automated transaction within public sector organisations*

- *There is no room for fully automated transactions within public sector organisations [0%]*

Looking a little deeper at this, we found that most participants (67%) view automated transaction processes as a significant priority, although it is not currently at the top of their list. Encouragingly, however, a quarter state that it is a top priority for their organisation at present.

**FIGURE 3:** *Do you believe the automated transaction process is a significant priority for your organisation?*

8%

25%

67%

- *Yes, it is a top priority for us*

- *It is a priority for us, but not at the top of our list*

- *It is not currently a priority for us*

Interestingly, nearly 60% of participants report that automation is used within their organisation for at least a part of their transaction matching process. Yet more than a third (35%) are still using Excel Spreadsheets, while just 29% are using an Enterprise Resource Planning (ERP) solution.

Figure 4: *Currently, how does your organisation conduct the transaction matching process? Please tick all that apply.*

| Category	Percentage
Excel spreadsheet	35%
Automation	59%
ERP	29%
Other	14%
Don't know	10%
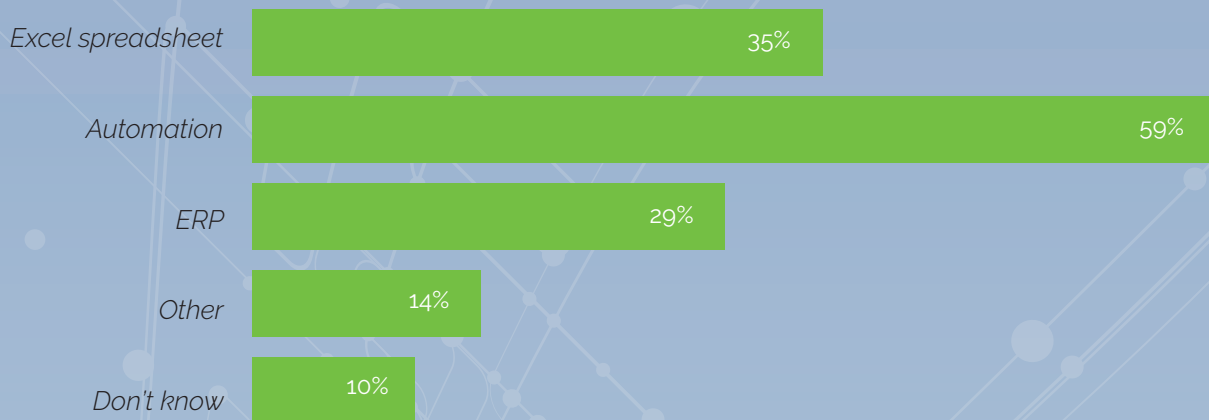
2. — Just 31% have a fully unified automation transaction process specifically for their accounting and finance department

Moreover, less than half (43%) of those who don't currently have a fully unified automation transaction process are planning to introduce on in the future.
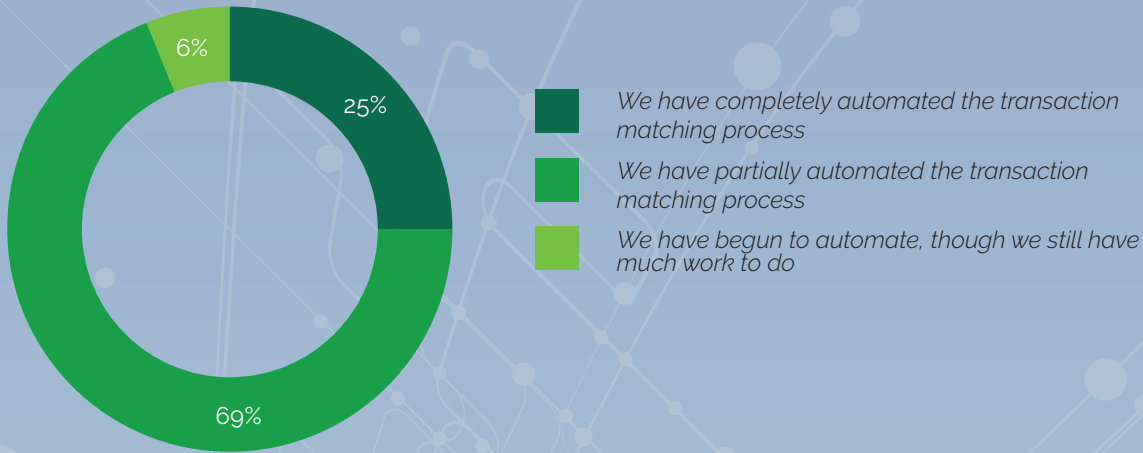
Figure 5: *Does your organisation currently have a fully unified automation transaction process specifically for their accounting and finance departments?*

Yes	No	Don't know
31%	61%	8%
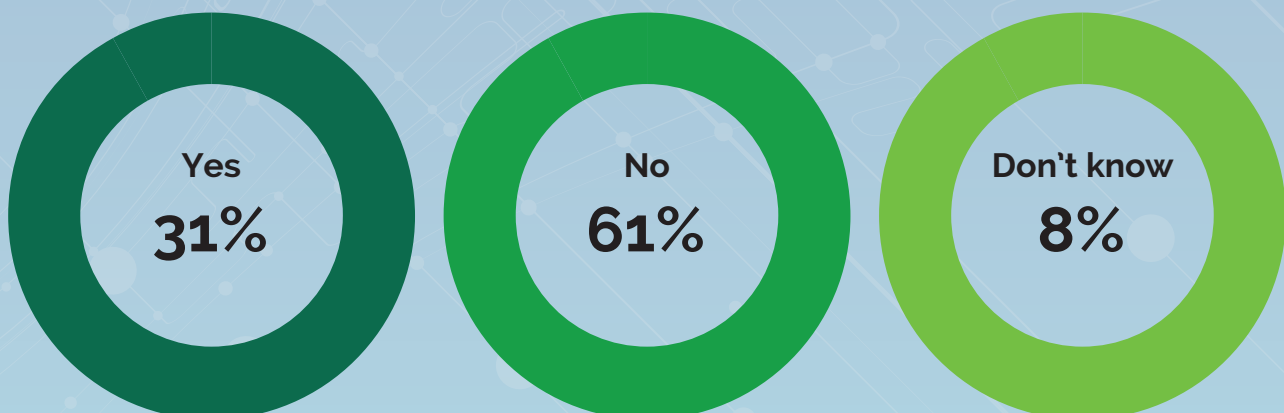
However, of this group, just a quarter report that their processes are completely automated. In fact, the majority (69%) state that transaction matching processes are only partially automated within their organisation, and 6% told us they have only just begun to implement this technology.
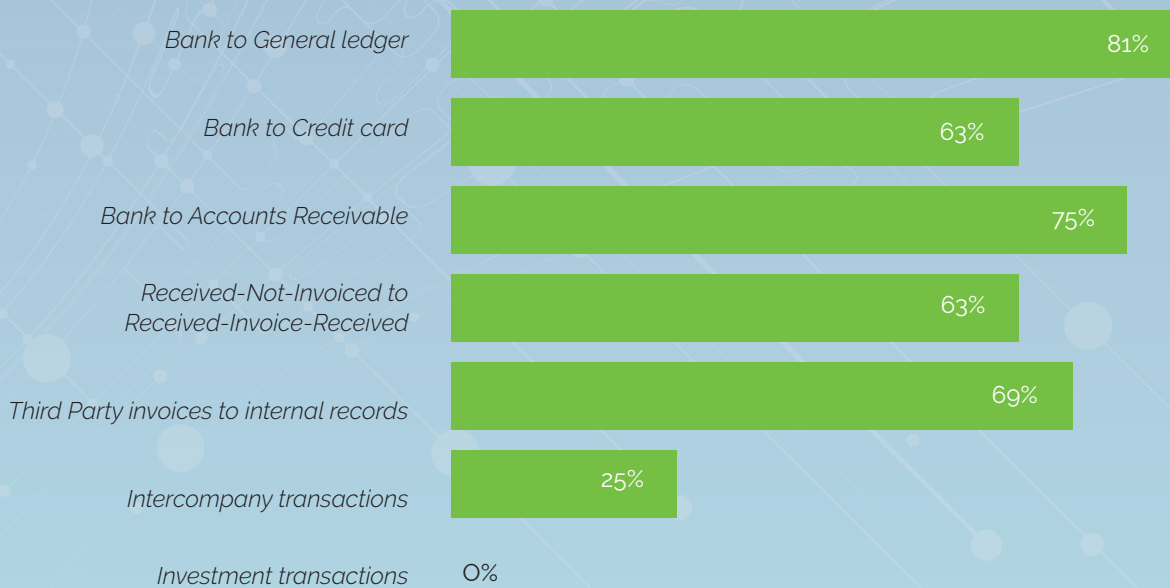
Figure 6: *How far into the automation process are you?*

6%

25%

69%

- We have completely automated the transaction matching process
- We have partially automated the transaction matching process
- We have begun to automate, though we still have much work to do

When we asked participants the areas in which automated transaction processes are used most frequently, Bank to General ledger is reported by the majority (81%). This is closely followed by Bank to Accounts Receivable (75%) and third-party invoices to internal records (69%). Interestingly, just a quarter (25%) state that such processes are used for intercompany transactions.

Figure 7: *Currently what do you use your automated transaction process for most in your business? Please tick all that apply*

Bank to General ledger	81%
Bank to Credit card	63%
Bank to Accounts Receivable	75%
Received-Not-Invoiced to Received-Invoice-Received	63%
Third Party invoices to internal records	69%
Intercompany transactions	25%
Investment transactions	0%

It is good to see an understanding across the public sector about the wide range of benefits that automation in transaction processes can have. 88% of participants believe it has the potential to reduce costs for their organisation and result in a faster turnaround for transactions. Closely following this, 81% state it can reduce the risk of human error, while three-quarters (75%) feel it is more reliable.

Figure 8: *What are the main benefits of using an automated transaction process within your organisation? Please tick all that apply.*

| Benefit	%
Reduced risk of human error	81%
More reliable	75%
Reduction in costs	88%
Increased security	44%
Faster turnaround	88%
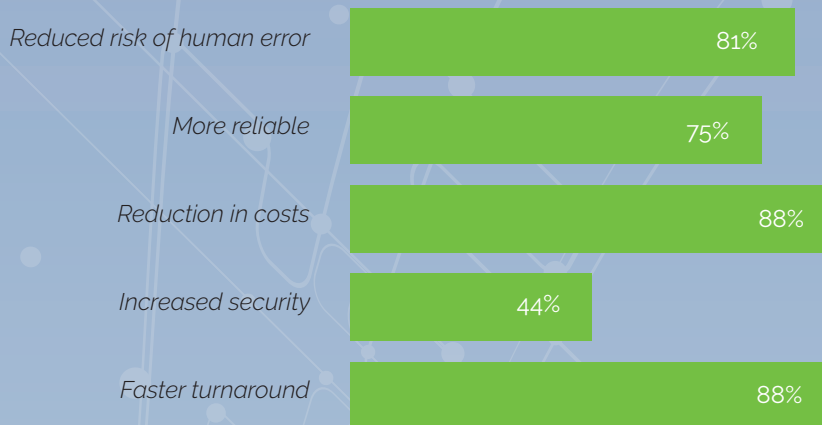
3. Over a quarter (27%) of participants state their finance teams are spending between 20 and 30% of their time matching transactions and reconciling accounts

Less than a third of participants (31%) told us their finance team spends less than 20% of their time matching transactions and reconciling account.

Moreover, and potentially slightly worryingly, 22% of participants are unsure of how much time is spent on this process.

**Figure 9:** *What portion of your finance team's time is spent matching transactions and reconciling?*

Portion	%
Less than 20%	31%
20 to 30%	27%
31 to 40%	12%
41 to 50%	2%
More than 50%	6%
Don't know	22%
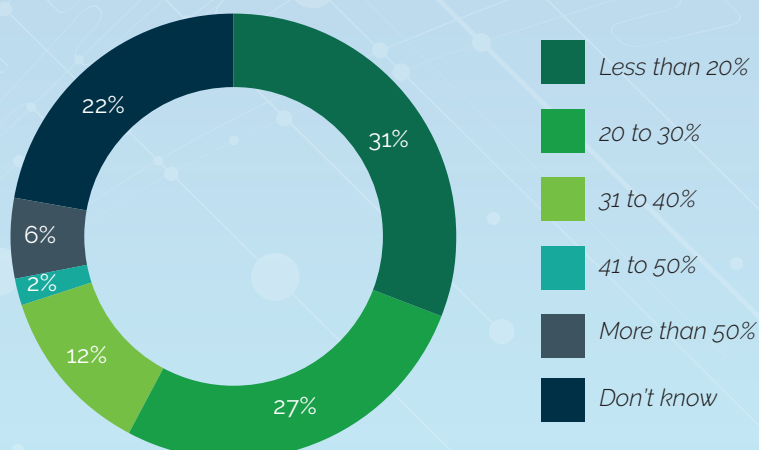
It is also worth noting that under a third of participants (31%) trust their financial data completely, while over half (59%) only trust it to a 'fair extent'. This suggests a level of uncertainty across the sector and could indicate that some processes currently in place are not entirely trusted.
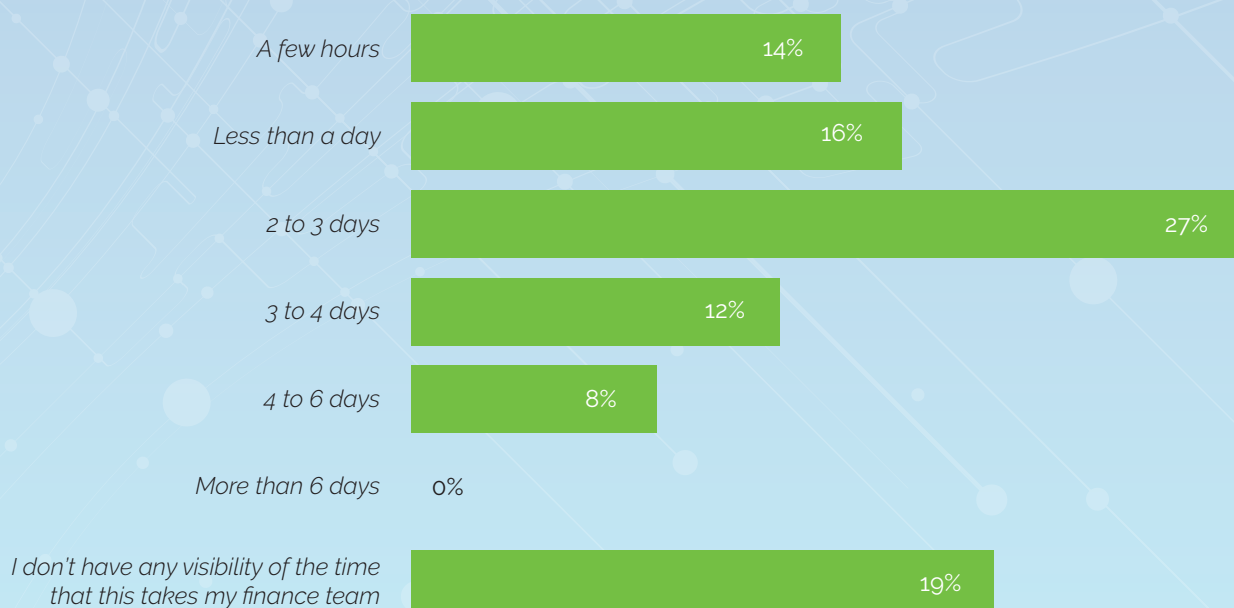
Figure 10: *Thinking about your organisation's financial data, what level of trust do you have in its accuracy?*

- I trust it completely
- I trust it to a fair extent
- I trust it to a limited extent
- (0%) I don't trust it at all
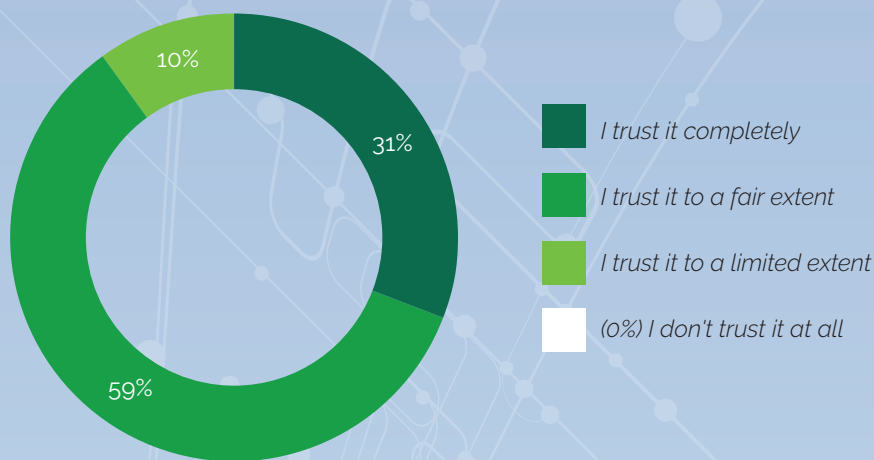
Interestingly, almost a fifth (19%) don't have any visibility of the time it takes their financial department to identify potential errors and record the necessary accounting adjustments, while 27% report that this process takes between 2 to 3 days. Furthermore, 20% of participants told us the process takes more than 3 days to complete.t

Figure 11: *During the month end close process, how long does it take your finance department to identify potential errors and record the necessary accounting adjustments on average?*
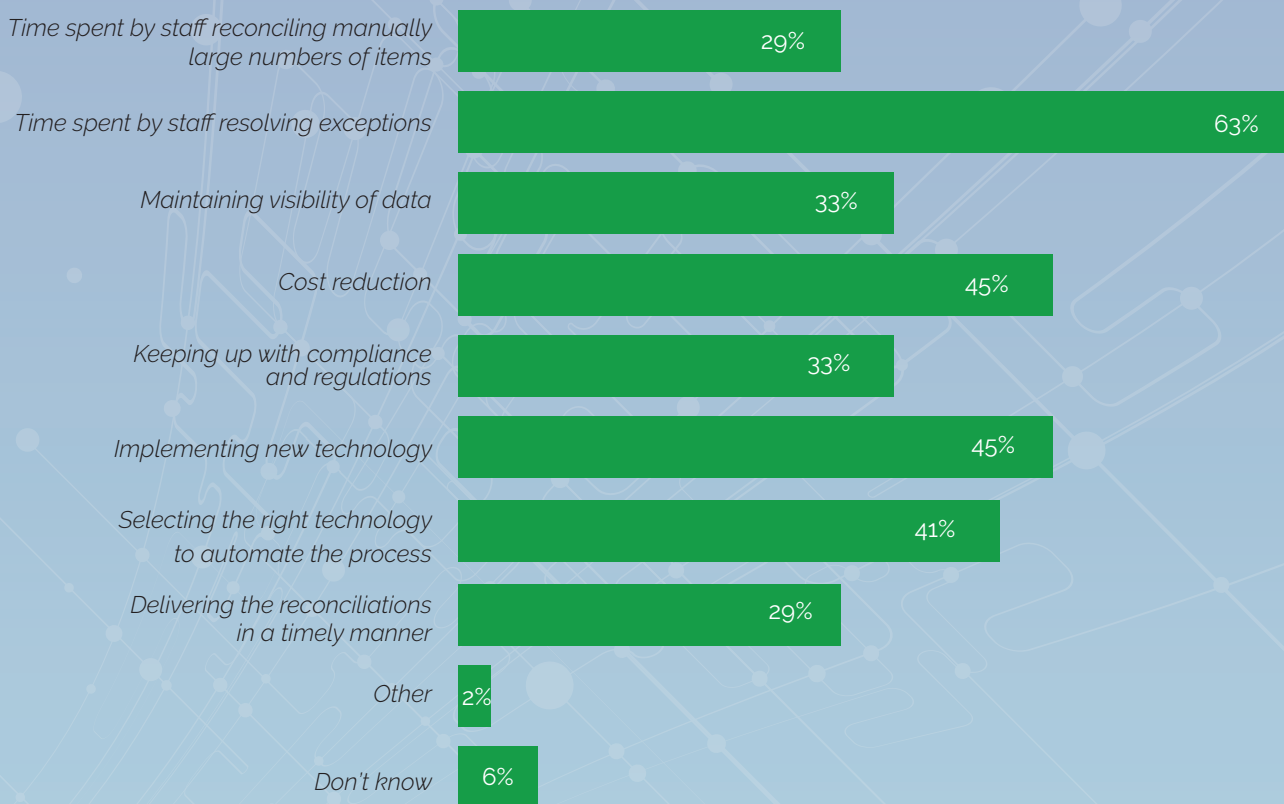

A few hours	14%
Less than a day	16%
2 to 3 days	27%
3 to 4 days	12%
4 to 6 days	8%
More than 6 days	0%
I don't have any visibility of the time that this takes my finance team	19%

4.
—
63% report time spent by staff resolving exceptions is their main challenge of 2019

When it comes to the automation of transaction matching, it is interesting to note that organisations highlight a number of different challenges, with cost reduction and difficulties surrounding the implementation of new technology (45%) both ranking highly. 41% also find it tough to select the right technology for the job, and a third state both maintaining visibility of their data and keeping up with compliance and regulations as potential issues.

FIGURE 12: *With regard to the automation of transaction matching, what are your organisation's main challenges in 2019? Please tick all that apply.*

Challenge	Percentage
Time spent by staff reconciling manually large numbers of items	29%
Time spent by staff resolving exceptions	63%
Maintaining visibility of data	33%
Cost reduction	45%
Keeping up with compliance and regulations	33%
Implementing new technology	45%
Selecting the right technology to automate the process	41%
Delivering the reconciliations in a timely manner	29%
Other	2%
Don't know	6%

CONCLUSION
By BlackLine

The concept of digital transformation continues to captivate people, despite the fact that it has been happening in some form or other for around two decades. While it's encouraging to think that many public sector organisations have embraced digitisation and technology in recent years, the different priorities, multiple work streams and complex regulations they have to grapple with mean there are still obstacles for those who wish to embrace new tools and technologies, such as automation.

While it's true that many authorities and government departments are already partially automated, more comprehensive automation, particularly in finance, will create some of the greatest benefits – such as increased transparency, efficiency and visibility over important data. These are all things that will help to drive trust in the public institutions people rely on.

The importance of trust in the public sector should not be underestimated. As bodies charged with working for the benefit of the taxpayer, without profit as the main goal, expectations are higher and rules more stringent than those for private companies. But without the same market pressures, it's also easier for public sector organisations to become inward-looking, stuck in their ways of working and resistant to changes that could streamline their workflows.

Regardless, trust needs to be built and maintained by public sector organisations in order to thrive, and a good way to do this is simply by improving processes and in turn what you're able to deliver. With ever-decreasing amounts of money in the public purse, these improvements are fundamental to success, particularly as the expectations of citizens' increase.

For public sector finance departments, further automation will deliver these improvements. The overwhelming majority of public sector workers recognise and rate automation as key to upgrading the accounting and finance departments' capabilities – automating transaction processes in particular is considered a high priority. This is unsurprising given the clear efficiencies this creates, with people citing a reduction in human error and more reliability as key benefits.

Interestingly, concerns over reliability and accuracy in this research highlight that trust is as an internal, as well as external, issue for the public sector. In fact, over two-thirds of workers do not have complete faith in their financial data or feel like they have full visibility over it. This suggests that the processes and technology in place at some organisations still have a long way to go.

From a practical perspective, automation can also free up a significant amount of time. Currently, finance workers' days are being wasted with repetitive, monotonous, manual tasks – accounting for as much as 30% of their overall time. Significantly, almost a quarter of organisations have lost sight of just how much time is being spent on matching transactions and reconciling accounts.

Wouldn't it be something if we could remove these low-value tasks, allowing people to focus on the more nuanced and important parts of their jobs? Just imagine what unlocking this human potential could do for public sector finance.

Ultimately, it will always be important to balance technological innovation with a human touch – both in the finance department and elsewhere. After all, it is easier to place our faith in technology when we trust the capabilities of the people wielding it. The challenge now for the public sector is not to automate for automations sake, but to determine how best to use it to support human creativity and potential.

APPENDIX 1: SURVEY QUESTIONS
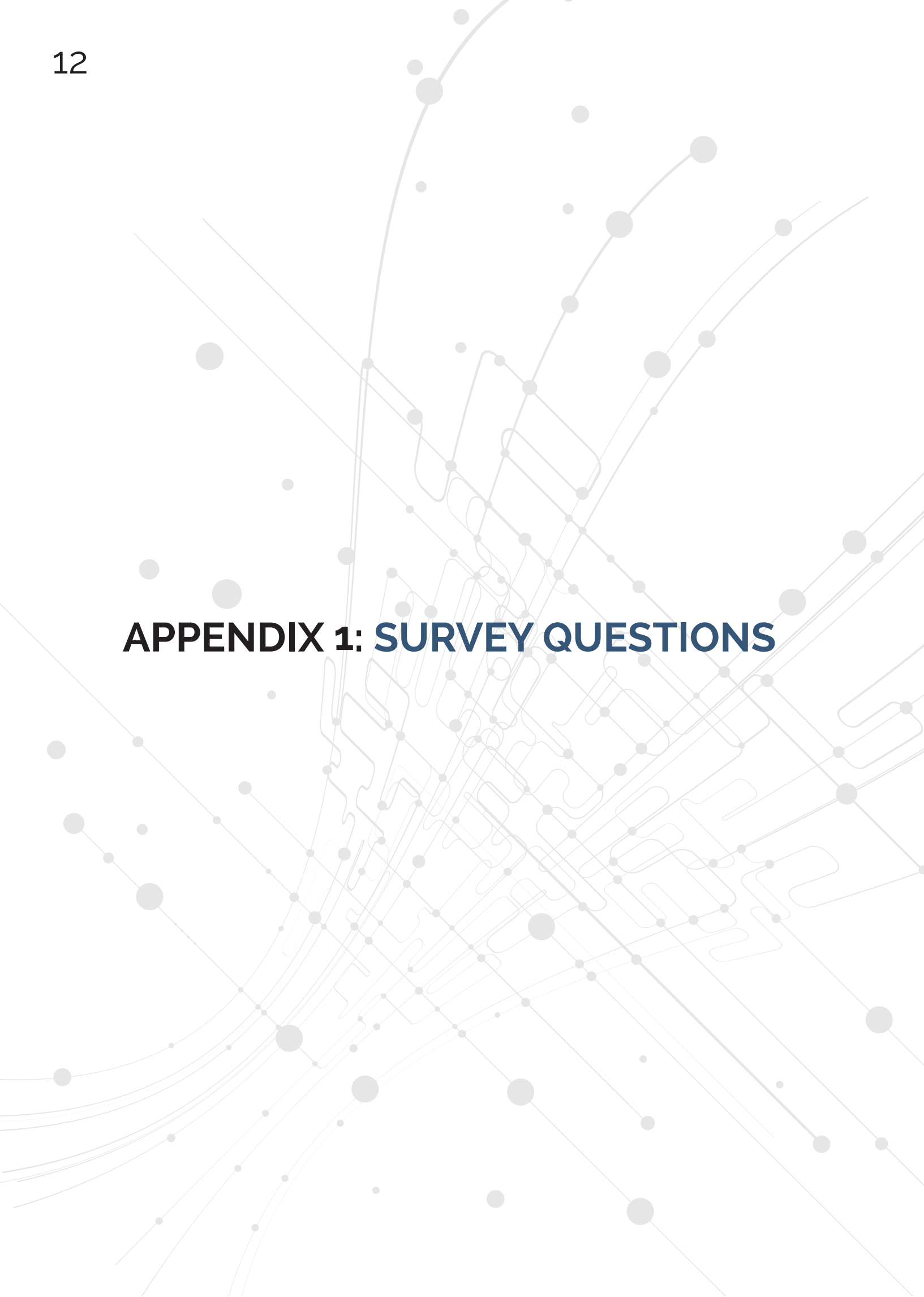
Question: In your opinion, what role does the automation transaction process play within public sector finance departments? Please select the statement that most accurately reflects your thoughts.

Answer	Percentage
The automated transaction process is key to upgrading account and finance departments across public sector organisations	78%
It is important to have some automated transaction within public sector organisations	22%
There is no room for fully automated transactions within public sector organisations	0%
Other - please specify	0%
Don't know	0%

Question: How is the use of automation technology viewed within your organisation? Please tick all that apply.

Answer	Percentage
Automation provides an opportunity for us to improve, modernise and future-proof our business	63%
Automation is seen as a means of reducing costs and increasing efficiency and productivity	51%
While we recognise the benefits automation can have, there are key barriers standing in our way to fully realising these	28%
We have not yet considered automated technology	2%
Other - please specify	0%
Don't know	0%

Question: Currently, how does your organisation conduct the transaction matching process? Please tick all that apply.

Answer	Percentage
Excel Spreadsheet	35%
Automation	59%
ERP	29%
Other - please specify	14%
Don't know	10%

Question: Roughly, what percentage of your transactions are matched automatically?

Answer	Percentage
0%	4%
1 to 10%	8%
11 to 25%	8%
26 to 50%	14%
51 to 75%	23%
More than 75%	18%
Don't know	25%

Question: Do you believe the automated transaction process is a significant priority for your organisation?

Answer	Percentage
Yes, it is a top priority for us	25%
It is a priority for us, but not at the top of our list	67%
It is not currently a priority for us	8%
Don't know	0%

Question: Does your organisation currently have a fully unified automation transaction process specifically for their accounting and finance department?

Answer	Percentage
Yes	31%
No	61%
Don't know	8%

Question: How far into the automation process are you?

Answer	Percentage
We have completely automated the transaction matching process	25%
We have partially automated the transaction matching process	69%
We have begun to automate, though we still have much work to do	6%
We have not yet started the automation process	0%
Don't know	0%

Question: Currently, what do you use your automated transaction process for most in your business? Please tick all that apply.

Answer	Percentage
Bank to General ledger	4%
Bank to Credit Card	8%
Bank to Accounts Receivable	8%
Received-Not-Invoiced to Received-Invoice-Received	14%
Third-party invoices to internal records	23%
Intercompany transactions	18%
Investment transactions	25%
Other - please specify	25%
Don't know	25%

Question: What are the main benefits of using an automated transaction process within your organisation? Please tick all that apply.

Answer	Percentage
Reduced risk of human error	25%
More reliable	67%
Reduction in costs	8%
Increased security	0%
Faster turn around	0%
Other - please specify	0%
Don't know	0%

Question: Do you have any plans to introduce this?

Answer	Percentage
Yes, within 3 to 6 months	25%
Yes, within 6 to 12 months	69%
Yes, post 12 months	6%
No, we do not intend to introduce this system	0%
Don't know	0%

Question: What would you say are the main barriers you are facing when it comes to introducing an automated transaction process? Please tick all that apply.

Answer	Percentage
Lack of available resources needed to implement	74%
Unaware of solutions available	26%
Unable to build a business case	13%
Perceived cost of transformation	36%
Cultural resistance to change	45%
Other - please specify	16%
Don't know	3%

Question: What portion of your finance team's time is spent matching transactions and reconciling accounts?

Answer	Percentage
Less than 20%	31%
20 to 30%	27%
31 to 40%	12%
41 to 50%	2%
More than 50%	6%
Don't know	22%

Question: Thinking about your organisation's financial data, what level of trust do you have in it's accuracy?

Answer	Percentage
I trust it completely	31%
I trust it to a fair extent	59%
I trust it to a limited extent	10%
I don't trust it at all	0%
Don't know	0%

Question: During the month end close process, how long does it take your finance department to identify potential errors and record the necessary accounting adjustments on average?

Answer	Percentage
A few hours	14%
Less than a day	16%
2 to 3 days	27%
3 to 4 days	12%
4 to 6 days	8%
More than 6 days	0%
I don't have any visibility of the time that this takes my finance team	19%
Don't know	4%

Question: Within this process, what is the typical level of adjustment identified when finalising account reconciliations?

Answer	Percentage
We typically do not have any adjustments to make	8%
An insignificant amount	51%
An amount significant to upper management	14%
A large amount	4%
Other - please specify	6%
Don't know	17%

Question: Which of the following statements best describes your organisation's ability to base your business decision on your latest, most current numbers?

Answer	Percentage
I can check current, accurate figures whenever I want	53%
I only have accurate figures at irregular intervals	35%
Even at irregular intervals, the figures might not be accurate and they should be re-checked	4%
None of the above	8%

Question: With regard to automation of transaction matching, what are your organisation's main challenges in 2019? Please tick all that apply.

Answer	Percentage
Time spent by staff reconciling manually large numbers of items	29%
Time spent by staff resolving exceptions	63%
Maintaining visibility of data	33%
Cost reduction	45%
Keeping up with compliance and regulations	33%
Implementing new technology	45%
Selecting the right technology to automate the process	41%
Delivering the reconciliations in a timely manner	29%
Other - please specify	2%
Don't know	6%

APPENDIX 1: PARTICIPATING ORGANISATIONS

CENTRAL GOVERNMENT

Companies House
Department for Education
Department for International Development
Department of Health and Social Care
Education Scotland
HM Courts and Tribunal Service
Home Office
Insolvency Service
Met Office
Northern Ireland Assembly
The Scottish Government
The Supreme Court
Aberdeenshire Council

LOCAL GOVERNMENT

Bath and North East Somerset Council
Blackpool Council
Bolsover District Council
Borough of Poole
Breckland District Council
Brighton and Hove City Council
Cambridge City Council
Ceredigion County Council
City of York Council
Derbyshire County Council
East Northamptonshire Council
Essex County Council
Gateshead Council
London Borough of Barking and Dagenham
London Borough of Bexley
Newham Council
North Ayrshire Council
North East Lincolnshire Council
North Tyneside Council
Nottingham City Council
Orkney Islands Council
Plymouth City Council
Sevenoaks District Council
Sheffield City Council
South Tyneside Council
South Yorkshire Passenger Transport Executive
Southend on Sea Borough Council
Stoke-on-Trent City Council
Swindon Borough Council
Torbay Council
Wakefield Council
Warrington Borough Council
Wiltshire Council
Wirral Council

NHS

Avon and Wiltshire Mental Health Partnership NHS Trust
Calderdale and Huddersfield NHS Foundation Trust
Camden and Islington NHS Foundation Trust
Cornwall Partnership NHS Foundation Trust
East Midlands Local Education and Training Board
Greater Manchester Mental Health NHS Foundation Trust
Health Enterprise East Ltd
James Paget University Hospitals NHS Foundation Trust
NHS Business Services Authority
NHS Health Scotland
Northern Devon Healthcare NHS Trust
Royal Berkshire NHS Foundation Trust
South Tees Hospitals NHS Foundation Trust
The Newcastle upon Tyne Hospitals NHS Foundation Trust
The Tavistock and Portman NHS Foundation Trust
Torbay and South Devon NHS Foundation Trust
University Hospitals Bristol NHS Foundation Trust
University Hospitals of Derby and Burton NHS Foundation Trust

NON-DEPARTMENTAL PUBLIC BODIES

Care Inspectorate
Environment Agency
Scottish Funding Council
Transport Scotland
Yorkshire Dales National Park Authority

UNIVERSITIES

Lancaster University
Staffordshire University
The University of Nottingham
University of Bath
University of Glasgow
University Of Huddersfield
University of the West of England
University of the West of Scotland

ACKNOWLEDGEMENTS

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