ERP GOLD IMPLEMENTATION UPDATE REPORT

To:	**Audit and Accounts Committee**
Date:	**20 September 2018**
From:	**Acting LGSS IT Director, Steve Day**
Electoral Division(s):	**All**
Purpose:	**To update Audit and Accounts Committee on ERP Gold (Agresso (Unit4 Business World))**
Key Issues:	**Following an ERP update given to CCC Audit and Accounts Committee on 7th August**
Recommendation:	**That Audit and Accounts Committee note progress on ERP Gold Assurance**

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1. REPORTING

1.1. The new ERP system has been live since 1st April. There is a comprehensive suite of standard reports available on ERP Gold to enable financial management and these are fit for purpose. One of the design principles for the implementation was to take where possible the vanilla suite of Agresso processes and reports. 150 reports are in place across the 7 ERP clients and a full reports schedule is held by CCC's Deputy s151 Officer.

1.2. Five months in, there are some modifications and additional reporting requirements which have been identified by the business and a review is currently underway to determine the timescale for changes and to prioritise those which are deemed most important. CCC will of course be central to this prioritisation process together with S151 Officers at MKC and NCC.

1.3 User familiarity with reporting in the new system is an ongoing challenge. This change is always challenging when users are so comfortable with the previous system, but we continue to work with the finance teams and budget managers to support and if possible accelerate their growing confidence and system expertise.

2. 2017/2018 BALANCES

2.1. The approach that had been agreed was for all debtors and creditors (revenue and capital and including payments and receipts in advance) to be reversed from the legacy SAP and Oracle systems early in the new financial year.

The remaining balances were to be updated in ERP Gold when the statutory audits were complete and the 2017/18 accounts signed off by external audit.

3. CONTROL AND SUSPENSE ACCOUNTS

3.1. There is a complete schedule of all 136 control and suspense accounts across all three partners which are being monitored. 43 of these are for CCC including the Pension Fund. This schedule has been sent to all Deputy S151 Officers and will be updated and shared on a monthly basis going forward. There are some refinements being made, the key one being the direct link to the trial balances of each of the authorities to ensure completeness.

3.2. The three key control account reconciliations – AP, AR and Payroll bank accounts – are up to date. The review of working papers for the end of accounting period 4 (July 2018) showed:

- AP – no unidentified reconciling items requiring further investigation in AP
- AR – 19 statement lines requiring further investigation in order to reconcile
- Payroll – 12 statement lines requiring further investigation in order to reconcile

3.3. There are however some issues which are being addressed. As you are aware, the AP processing backlog is being monitored separately. This has been significantly reduced from earlier in the year and is now close to a business as usual level. Full detail on backlogs has been provided to the Deputy s151 Officers on an ongoing basis since early May, at meetings initially held three times a weeks and more latterly weekly. Payments through interfaces have been made on a timely basis since late May. However, we know the timeliness of accounting for Chaps payments has been an issue and there is an action plan now in place to ensure such entries are made within 48 hours of the transaction taking place.

3.4. Also set out in the schedule are uncleared income items which is an issue which has been previously highlighted. Sales Order generated income is immediately recognised in the general ledger. When income is received without sales order references or it is uninvoiced, there may be matching challenges and the monies therefore held in suspense. There were backlogs here but matching is now at business as usual levels.

3.5. There is a similar issue relating to Chaps in AP and Treasury items in AR. These too will be cleared within 48 hrs of the receipt of income.

3.6. There has been a significant reduction in CHAPs payment. We are currently running at 1-2 CHAPs payments per day throughout all customers, rather than the 8-10 during the peak of the backlog.

3.7. Work continues on reviewing the accounting entries for CHAPs payments since go live. This work is now 70% complete.

3.8. The Aged Creditors report has been amended to provide the received date, last workflow date and latest workflow comment. Many of the aged invoices AP cannot move because there is an outstanding query and the end user has been contacted. There are a number of invoice over 30 days that remain in query mode, awaiting a response, but currently sit in an AP status until the required action is complete.

3.9. Utilisation of the aged creditors report to manage any backlog has allowed the identification of a number of migrated invoices that were already paid in Oracle. These invoices are sitting with AP and status A, and therefore will be cancelled.

3.10. Review is underway of all invoices and credit notes within ERP since go live to identify duplicate invoices for CCC and the detail will be shared once a clear understanding has been identified. There will then be a final duplicate review against Oracle and ERP data.

3.11. A review of the Tradeshift Optical Character Recognition (OCR) solution functionality that automates the reconciliation of invoices to purchase orders without manual intervention will take place over the coming month, results will be shared with all Partners.

4. ACCESS AND PERFORMANCE

4.1. There is clearly an issue with confidence in using the system which we've been seeking to address via the ERP network in CCC, drop in's (more scheduled in September) the I-Learning and Qwik cards and individual query answering, but we do need to work better together to support managers and I'd be happy to discuss what else can be done.

The dates are as follows:

- 3 Sep: Hereward Hall (The IT Room), March - 10am-12.30pm: 12 people attended
- 4 Sep: Shire Hall (Room 222a), Cambridge: 23 people attended
- 25 September PM, IT Suite, Hereward Hall, March
- 26 September, Room 222a, Shire Hall
- 28 September, Room 101, Vantage House, Huntingdon

4.2. Additionally we are also looking at other methods of delivering sound bites and eLearning initiatives to maximise user learning and utilisation of the system. Feedback from the sessions held last week was as follows:

- Annual leave process understanding
- Setting up work schedules where no regular working pattern
- New manager – how to see direct report details, sickness reporting, task management
- Error messages when using excelerator and not being able to download reports needed
- How to find and view payslips
- Annual leave calculation
- Establishment incorrect and how can I correct this
- Nine day fortnight and how to reflect in work schedule
- Help with items in task list
- Managing fluidity in rotas, working patterns rest to standard pattern after they had been changed
- How to check where budget codes have gone for approval so they can be chased
- Refresh and access to budget reports and aged debt report
- CCC Remote access to ERP is slow

4.3. Secondly, system performance. We know it has been running slowly at times albeit there have been no crashes since implementation. This does affect user experience and there is a temptation to do something else, return and then open multiple ERP windows which further slows the system. The Business Systems Team are working with Unit4 (the system provider) as a matter of top priority to identify a solution. At the time of writing further investigations are ongoing and we will keep you updated.

4.4. There have been a number of times when the system has stopped doing routine processes, typically this has occurred out of hours. This has caused processing to be paused until the servers are brought back up and transactions held in the system freed up. An options appraisal is being undertaken around IT support arrangements – especially out of hours, and in the meantime closer monitoring is in place so that corrective action is taken as soon as possible.

4.5. System support is under review and if further change is required costed options will be brought back to the ERP Board and partner Councils.

5. SYSTEM ASSURANCE AND PLANNED AUDIT ACTIVITY

5.1. Internal audit of the new system - IT Security, General Ledger AP, AR and Payroll has always been planned work for the second half of the year. Given the recent concerns this work has now been broken down into three tranches with the system assurance being under taken during September, the full table is as follows:

System	Scoping/ documenting the system controls*	Fieldwork*	Findings Summary	Final report~
IT Security Assurance work Med Term Compliance Full Year Compliance	Jul/Aug	Aug/Sep Dec Feb/Mar	30/09/18 31/12/18 31/03/19	30/04/19
General Ledger Assurance work Med Term Compliance Full Year Compliance	Jul/Aug	Aug/Sep Dec Feb/Mar	30/09/18 31/12/19 31/03/19	30/04/19
AP and AR Assurance work Med Term Compliance Full Year Compliance	Jul/Aug	Aug/Sep Dec Feb/Mar	30/09/18 31/12/18 31/03/19	30/04/19
Payroll Assurance work Med Term Compliance Full Year Compliance	Jul/Aug	Aug/Sep Dec Feb/Mar	30/09/18 31/12/18 31/03/19	30/04/19

* Scoping has been completed on all above work and testing commenced on all audits with the exception of Payroll.

~ It is intended to provide updates on findings throughout the stages of the work as above, but a formal, final report to encompass the professional requirements of providing an Annual Audit Opinion for 2018/19.

As is standard practice these reports will be addressed to the CFO as well as the functional leads.

5.2. So, based on the ERP Gold system testing pre-GoLive and the activities detailed above, assurance can be given on the integrity of the ERP Gold System and financial reporting, which should be verified by the planned audits.

5.3. However, the accuracy of financial reporting will also be impacted by manual document inputs, user activity, manual processes and feeder systems such as Carefirst. There is constant engagement with services and your finance business partners to address data accuracy issues.

5.4. We are all committed to ensuring ERP Gold performs well and that service users feel confident in using it as an effective planning and reporting tool, and we will keep you updated on the slow running issues we have under review with Unit4.

5.5. We do need to continue to work together to improve end to end processes and the quality of data from feeder systems, and I certainly agree that the post GoLive period for ERP Gold has been more challenging than we had expected. But having taken the actions documented above, the basis for accurate financial reporting is in place. System assurance will then be further underpinned and validated by the planned Internal Audits.

Background Documents: none