

AUDIT AND ACCOUNTS COMMITTEE MINUTES ACTION LOG FOR 20th SEPTEMBER 2018 COMMITTEE MEETING

<u>NO</u>	<u>TITLE OF REPORT / MINUTE AND ACTION REQUESTED</u>	<u>LEAD</u>	<u>PROGRESS / RESPONSE</u>
ACTIONS ARISING FROM THE MINUTES OF THE JULY 2016 COMMITTEE MEETING			
1.	MINUTE 226. MINUTES		
	Minute 213 'Systems in place to ensure that Section 106 Funds do not go unspent' The November 2016 Committee meeting agreed that updates either to the Committee or to the Chairman should be provided on a six monthly basis.	Tom Kelly	Next update due in September 2018. (Action: Tom Kelly) ACTION ONGOING
ACTIONS ARISING FROM THE MINUTES OF THE 29th NOVEMBER 2016 COMMITTEE MEETING			
2.	MINUTE 261 – CAMBRIDGESHIRE COUNCIL WORKFORCE STRATEGY UPDATE		
	There was a request that once implemented, there should be a regular quarterly report on the Action Plan progress.	Martin Cox / Lynsey Fulcher	The report submitting the final Strategy for endorsement by General Purposes Committee and for final approval by full Council has been rescheduled a number of times since the report to the November 2016 Committee.

			<p>Officers have now provided the Chairman with a copy of the intended report going to GPC Committee in September. The timetable is for it to go to General Purpose Committee in September and Council in February.</p> <p>ACTION ONGOING</p>
ACTIONS ARISING FROM THE MINUTES OF THE 23rd JANUARY 2018 COMMITTEE MEETING			
3.	61. AUDIT AND ACCOUNTS MINUTE ACTION LOG FOR JANUARY 2018		
	<p>a) Audit and Accounts Training Plan – Running through the detail of a non-contentious project - It was originally agreed that the session requested by the Chairman, should be before the March meeting.</p>	M Kelly	<p>This was to have been held before the January Committee meeting. However, due to officer illness on the day of the Committee, this session had to be postponed and a new date arranged.</p> <p>As agreed at the May 2018 meeting that having consulted with the Committee, the Chairman was still keen for Internal Audit to offer this training to the Committee. Internal Audit to liaise with Chairman on finding a suitable date in the autumn.</p> <p>ACTION ONGOING</p>
ACTIONS ARISING FROM THE MINUTES OF THE MARCH 2018 COMMITTEE MEETING			
4.	MINUTE 77 - DRAFT INTERNAL AUDIT PLAN 2018-19		
	<p>Action: Internal Audit look at lower contract thresholds for reassurance (to ensure greater value for money was being achieved) and also to look at the administrative cost of procurement compliance.</p>	D Wilkinson / Mairead Kelly	<p>These would be undertaken as part of the reviews included in the Internal Audit Plan being undertaken.</p> <p>Economy and Environment Committee at their meeting in April when considering the Ely Bypass overspend Capital Report requested that Internal Audit should review this project as part of</p>

			<p>one of the reviews on capital project overspends to establish whether any lessons could be learnt going forward.</p> <p>This report has been delayed due to the resource pressures currently on the Internal Audit team, particularly as a result of additional requested work on ERP Gold currently taking place, which has resulted in resource needing to be diverted to this work. A full explanation of current pressures and how Internal Audit are seeking to manage these is provided in the Internal Audit Progress Progress Report included on the current agenda.</p> <p>The report is currently now rescheduled to come forward to the November Audit and Accounts Committee meeting.</p> <p>ACTION ONGOING</p>
ACTIONS ARISING FROM THE MINUTES OF THE 29TH MAY 2018 COMMITTEE MEETING			
5.	MINUTE 85- CHILDREN'S SOCIAL CARE CASE LOADS QUARTELY UPDATE		
	The Chairman requested that he meet with officers outside of the meeting to discuss age structures.	Sarah-Jane Smed-mor	<p>The Chairman confirmed at the July meeting that this was still ongoing.</p> <p>The latest update report is included on the agenda.</p>
6.	MINUTE 86 - REGISTRATION OF LAND PURCHASED FOR HIGHWAY PURPOSES		
	One Member suggested that if land was identified that was no longer required for highways purposes it might be useful	Cllr White-head	Councillor Whitehead who had raised the issue took her suggestion to a recent Group Leaders meeting where the Section 151 Officer agreed that this proposal would be taken into account in future.

	depending on their size, to offer them on a first refusal basis to the appropriate district council, It was suggested the Member put the proposal in writing and then the Chairman / Democratic Services could bring it to the attention of Commercial and Investment committee.		ACTION COMPLETED
	Councillor French requested that officers' make available to her when it became available the list of land in Fenland identified as no longer required for highways purposes.	Daniel Ashman	This would be at a later date ACTION ONGOING
7.	MINUTE 88. INTERNAL AUDIT ANNUAL REPORT 2017-18		
	a) The Chairman indicated that he had some minor changes to the presentation text that he would share with the officers outside of the meeting.	Cllr Shellens / Neil Hunter	Changes provided. ACTION COMPLETED
	b) In response to question on when debt performance targets could be expected to improve, the response was within the first three months of the year. The Chairman asked that Internal Audit should follow up on this commitment.	M Kelly	Action ongoing
	c) It was suggested that in future, changes to the AGS from the previous year should be highlighted in the draft document (as most of		Action ongoing

	the AGS remains the same in order to make it easier for Committee to identify the key elements that had changed.	M Kelly	
8.	MINUTE 91 - WHISTLE BLOWING POLICY ANNUAL REPORT		
	a) it was requested that a further report should come back to the September Committee with update details of the number complaints received under the Policy to help Members consider further, the effectiveness of the current publicity measures.		This was not available for the September meeting and had been delayed until at least November due to internal Audi resource pressures. A revised draft whistleblowing policy has been drafted (re: the action below) but this needs to go through HR, Trade Unions and SMT before it can come to Audit & Accounts and finally Constitution and Ethics Internal Audit were targeting a November date for the report, but that would only be possible if it has been through the various stages of review, which would depend on Internal Audit's resource availability given the current work pressures. .
	b) It was agreed that the officers and the Councillor should arrange a further meeting to establish any changes required to the text of 2.4 and seek to resolve any other concerns the Member had with the currently worded policy.	M Kelly / Cllr Whitehead	Internal Audit did meet with Cllr Shellens and Cllr Whitehead was offered a meeting and contacted several times but did not respond. Internal Audit have incorporated some changes to the policy which were identified in a separate review.
ACTIONS ARISING FROM THE MINUTES OF THE 12TH JUNE 2018 COMMITTEE MEETING			
9.	MAIN ACCOUNTS		
	Minute		The response from John Mac Millan the County Council Group Asset Manager was along the following lines:

	<p>Page 42 Valuation of Long Term assets – in further discussion regarding the heritage assets and sculptures etc. in maintained schools, a query was raised that if a school transferred to academy status, who owned any art works displayed at the school. Officers believed that as they were only ever loaned, that the Local Authority would still own them as this was the case with Children’s Centres but it was agreed this would be checked and confirmation provided to Members outside of the meeting.</p>	<p>Eleanor Tod</p>	<p><i>This would depend on the terms of the transfer agreement. At Bassingbourn there is a specific deed which refers to “moveable assets belonging to the Authority’s Education Library and Heritage Dept” not transferring to the Governing Body. The presumption would be that this could cover works of art.</i></p> <p><i>The transfer agreement says that fixtures and fitting will count as assets that would be transferred which I think would cover art. There is also a specific section on assets that would be excluded. I think the Deed would override the transfer.</i></p> <p><i>If we want art to remain with the Council we would have to specify.</i></p> <p>ACTION COMPLETED</p>
ACTIONS ARISING FROM THE MINUTES OF THE 30TH JULY 2018 COMMITTEE MEETING			
10.	MINUTE 98. PETITIONS		
	<p>A question was raised from Mr Mike Mason requesting clarification of the Council’s share of the costs to date of ERP Gold including software / hardware purchase and service agreements. He requested that the answer should include cost of delays, downtime loss of staff productivity together with delayed benefits / savings.</p>		<p>The Chairman forwarded an officer response to Mr Mason on the issues raised on 8th August and is included as appendix 1 to this action log.</p>

11.	MINUTE 102 - SAFER RECRUITMENT IN SCHOOLS UPDATE		
	In terms of progress on the gaps in provision and when a good time would be to receive an update report, the officers indicated that this should be around Easter 2019.	R Sander-son / C Meddle to agree	Easter is April in 2019 and therefore May 2019 should be added as the date for the next substantive update.
12.	MINUTE 103 - TRANSFORMATION FUND MONITORING REPORT QUARTER 2017-18		
	To update the summary table for future reports to better show how each scheme was performing across the length of the scheme and to provide an explanation of the table.	Julia Turner	The officer agreed this would be undertaken and that the whole design of the report would be reviewed to ensure future versions provided greater clarity.
13.	MINUTE 105 - INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 31ST MAY 2018		
	With reference to Appendix 3 SEND Implementation Grant there was a query regarding why the five Special Educational Needs (SEN) Casework officer posts were only for 12 month fixed contracts when what was required in this area was continuity and asked whether it was a funding issue. Deputy Section 151 Officer undertook to find out and respond.	T Kelly	Action ongoing

14.	MINUTE 106 - INTERNAL AUDIT PROGRESS REPORT		
	<p>a) Removing Items from the Internal Audit Plan to accommodate the additional work detailed in section 5.1c of the report.</p> <p>Agreed officers should come back to the next meeting with a proposed list and justification for their removal.</p>	N Hunter / M Kelly	The Internal Audit Progress report on the agenda addresses this.
15.	MINUTE 108 - AUDIT COMPLETION REPORT (ISA 260) DRAFT FOR THE YEAR ENDED 31ST MARCH 2018		
	<p>a) Democratic Services to liaise with BDO on scheduling a date for BDO to report back on the current objection and with the detail on the outcome of the objection on the previous year's Accounts.</p>	RVS / L Clampin	External Audit indicated that they would alert Democratic Services as to the appropriate Committee to which the report should go. At the time of preparing this Minute Action log update External Audit had not completed their investigations and therefore were not able to confirm when the likely date would be.
	<p>b) An additional report to be prepared for the September Committee meeting on the accounts process and how it could be improved going forward.</p>	RVS	The item had been added to the work programme.

16.	MINUTE 109 - STATEMENT OF ACCOUNTS 2017-18		
	<p>a) Page 95 reference to Cromwell Museum stating that the assets were still owned by the Council. It was suggested that officers should check whether the wording should be changed to avoid any ambiguity.</p> <p>b) Page 96 Civic Regalia – as it was stated that the financial value of the sundry items was not known, It was suggested that at some stage they needed to be valued for insurance purposes in terms of a replacement value. Action: officers agreed to look into this further.</p>	<p>M Savage / J Lee</p> <p>M Savage / J Lee make contact with Bev Speller</p>	<p>Oral update to be provided.</p> <p>Oral update to be provided</p>
17.	MINUTE 110 FORWARD AGENDA PLAN	RVS to contact Lou Williams	<p>Lou Williams responded that a more meaningful report would be provided for the November meeting as its implementation had not yet been undertaken.</p> <p>The Agenda Plan has been updated accordingly.</p> <p>Action ongoing</p>

To: Mike Mason

From: MARK ASHTON
LGSS DIRECTOR BUSINESS SERVICES, SYSTEMS AND CHANGE

Date: 7 August 2018

SUBJECT: ERP Update

BACKGROUND

- 1.1 Following the implementation of ERP Gold, there have been a number of operational issues as a result of bedding in new processes. Considering the scale of the implementation across three large local authorities, the launch went well but the team continues to focus robustly on addressing the bedding in issues most notably in Accounts Payable.
- 1.2 Cambridgeshire and Northamptonshire County Councils (CCC and NCC) signed off the business case for the replacement of their shared ERP (Enterprise Resource Planning – large scale business system integrating HR, Payroll and Finance) Oracle system in May 2015, followed by a procurement process and planned implementation for April 2017.
- 1.3 During the second half of 2015 LGSS began working on a joint business case for an extended shared service with Milton Keynes Council (MKC). MKC were also in the process of considering their options to replace their old SAP system which was out of support from July 2017. It was jointly agreed between the three Councils that there were major business benefits from a common ERP systems implementation, so the project was expanded to include the ERP systems for all three Councils which included an updated ERP business case delivering £9.86m of cumulative savings over 7 years (excluding the £4.2m of shared services saving benefits from the jointly agreed business case for all three councils resulting from MKC joining).
- 1.4 In addition, the replacement of SAP afforded MKC additional savings within their retained budgets. At the time and despite the additional complexity of adding a third Council and a SAP system migration requirement, it was agreed to still re-plan and resource but to try and hold the original 'Go-Live' date of April 2017 (which was primarily driven to help mitigate the July 2017 MKC SAP out-of-support service constraints at that time).
- 1.5 Over the past two years a number of factors contributed to make the original April 2017 'Go- Live' date progressively unrealistic. MKC's SAP requirements added more complexity than originally envisaged. Implementing across three partners has been a greater

challenge given the need to migrate three legacy data sets from two very different legacy ERP systems (i.e. SAP for MKC and Oracle for CCC and NCC). There was the necessity to accommodate unforeseen major changes in Northamptonshire County Council's organisation for its newly formed federated vehicles. This added very significant new demands onto the existing LGSS ERP 'business as usual' resources. In CCC the already stretched LGSS IT resources had to be focused on stabilising core IT Infrastructure problems affecting all existing CCC systems and services during the October 2016 to April 2017 period (by which point the IT infrastructure at CCC had stabilised).

- 1.6 There has also been change to the scope of the project since its inception, which although limited did place an additional burden on delivery and cost for an already very aggressive original go-live of April 2017. With hindsight it was perhaps too challenging to have held the original April 2017 go live date for so long.
- 1.7 On 24th November 2017, the Joint Committee received an update on progress with the programme, a revised cost forecast and the findings of an external review by Agilisys to provide assurance on the achievability of the revised delivery plan. Following that meeting, an update was provided by email to Joint Committee members on 14th December, which included a report from the new Senior Programme Manager. The report outlined the outcome of a major review of the revised programme plan. The plan, supporting the April 2018 delivery date, was endorsed by the Programme Manager and approved by the December meeting of the ERP Programme Board.

2 CURRENT PROGRAMME UPDATE

- 2.1 The programme went Live as per revised plan in April 2018. This was a considerable achievement from the teams considering the scale and complexity of the deliverable.
- 2.2 We have delivered a good platform which now needs to be stabilised and enhanced.
- 2.3 General feedback from users is that the system is easier to use than SAP/Oracle. We still need to deliver Two Factor Authentication (TFA), the outstanding defects, incidents and improvements in the light of live running and a solution for a number of manual work arounds currently in place.
- 2.4 As is common with many programmes of this scale and complexity, there have been a number of post go-live issues which have undoubtedly had an impact on the performance of the various Helpdesks, in particular Finance and HR/Pay.
- 2.5 By mid-June, almost 250,000 transactions had been processed through the system, totalling £342m. Additional resources have been allocated to the AP team and they continue to work through open incidents and review processes to allow more issues to be dealt

with by the Finance Operations Helpdesk. Daily calls took place across the Finance teams and with the Deputy 151 Officers to ensure urgent issues are prioritised and effectively resolved.

- 2.6 In Payroll over 20,000 employees were paid on time with the first payroll achieving the historical accuracy rates of 99.5% maintaining previous BAU performance. We have now run payrolls for three months using ERP Gold across our Councils and schools. The HR Helpdesk has been busier than normal, which was expected following the implementation of a new system.
- 2.7 There have been a number of data processing errors on each of the payrolls, although it should be noted that in business as usual environments this can occur as well for a variety of reasons. Where these have been identified we have corrected payments as quickly as possible (on or before the actual pay date), minimising where possible any issues for the individuals in question.

ERP Programme forecast expenditure

- 2.8 The table below sets out the expected final budget outturn and this has not changed from what was previously reported to GPC in November 2017, and how this is shared between the three authorities. The CCC and NCC amounts include £164k of specific costs in relation to extended support on the current Oracle ERP system. Also shown are the significant revenue contributions from CCC and NCC arising from the utilisation of the LGSS business systems and change team on this project. This results in a net capital cost of £6.767m which results in a variation on the plan of £1.275m (shared as shown across the three councils).

	Revised Capital Budget	Current Forecast	Revenue Contribution	Net Capital Cost	Variation
	£k	£k	£k	£k	£k
Cambridgeshire	1,615	2,959	935	2,024	410
Northamptonshire	1,643	2,959	935	2,024	382
Milton Keynes	2,234	2,791	72	2,718	484
Total	5,492	8,709	1,942	6,767	1,275

- 2.9 The specific impact on Cambridgeshire CC is as follows:
For Cambridgeshire County Council (CCC) the capital budget included the original £1.428m and the £187k additional capital funding ask. Throughout the programme this has been supplemented by the revenue budgets of the current business systems and LGSS Programme team by £935k over the three years, giving a total available budget of £2.550 million. The predicted forecast CCC spend for the programme is £2.959 million (up to 1 April 18). This leave a forecast capital overspend of £410k for CCC (i.e. which is just over an 18% increase in original cost estimate).

CCC	Revenue and Capital Budget	Actuals Prior years	Actual 2017/18	Actual Total	Outturn Variance
	£k	£k	£k	£k	£k
Capital	1,615	1,107	917	2,024	410
Revenue	935	533	402	935	0
Totals	2,550	1,640	1,319	2,959	410

2.10 An additional £410k capital resource was requested from Cambridgeshire County Council and approved by the General Purpose Committee in November 2017. However, there will also be additional LGSS revenue savings delivered for CCC of £50k pa from 2019/20 increasing to £75k pa from 2020/21 onwards in respect of the Business Systems team and a further £75k pa from 2019/20 in respect of Finance Transactions and Payroll i.e. this is a capital payback period on additional capital funds of circa. 5 years for CCC.