

APPENDIX A

PERFORMANCE AND FINANCE SCRUTINY SUB-COMMITTEE

Chair's briefing – Thursday 1 November

Members:

Councillor Sue Anderson (Chair)
Councillor Barry Macleod-Cullinane (Vice-Chairman)

Officer attendees:

Julie Alderson, Corporate Director of Resources
Susan Dixon, Service Manager – Internal Audit
Richard Hawtin, Interim Divisional Director - Commercial & Procurement
Tim Sylvester, Project Manager – Resources
Jon Turner, Divisional Director HRD & Shared Services
Guy Fiegehen, Scrutiny Officer

NOTES

1. Declaration of interests

Councillor Macleod-Cullinane said he had a non-pecuniary interest through his work with Capital Ambition on multi-borough contracts.

2. SAP Change & Project Programme: Payment of Invoices

The Chair and Vice-Chairman had requested this briefing at their May and September meetings following their concerns about the Council's performance on the Payment of Invoices and the length of time being taken for the organisation to address the issues examined in the Internal Audit report on the Application of Contract Procedure Rules (CPRs) which, it had been reported, had been due at least in part to delays in the SAP project

Officers outlined the background to the current SAP change and project programme. The SAP system had gone live in September 2006, and an assessment by CIPFA Financial Management in July 2012 had recommended improvements to Harrow's use of SAP. These are now being carried out as part of the Transformation of Financial Management Project. The work package agreed in October 2012 focuses on the SAP Supplier Relationship Management elements

- Accounts Payable
- Accounts Receivable
- Accounting and Financial reporting.

It will take place in the development window available from November 2012 to January 2013. Testing will start in March 2013 with full roll-out in 1st Quarter 2013/14.

The main changes include

- Ability to monitor forecast process compliance including accuracy and activity
- A new Monthly Budget Forecast input screen for managers
- A simplified finance 'Portal' front-end for managers
- Review of data held on the system to improve reporting capabilities.

Officers emphasised that the Council's procurement process is not changing: it remains as set out in the CPRs. The aim of the changes is to make it easier to secure compliance in

practice with those rules and, for example, to end the current option for an officer other than the budget holder to authorise purchases. Better training will also be essential to ensure compliance as well as more economical purchasing. Training had started with about 120 'super users' i.e. the council's most frequent buyers. The default option in future will be to purchase through the council's own catalogue of agreed contracts. Officers said performance to date had varied significantly by department, but insurance cases needed to be removed from the current analysis to give a fairer a comparison as these usually involve a Purchase Order being raised after the invoice date.

The Chair and Vice-Chairman re-iterated the importance of the budget holder signing off purchases but also expressed reservations about how effective these changes would be in tackling the serious problems repeatedly identified since 2006 in a succession of reports. The Chair and Vice-Chairman asked to see all these reports. There needed to be clear accountability to Member level.

The Chair and Vice-Chairman also asked about the impact the longer term timetable for renegotiating the council's major contracts with IT and other service suppliers on financial management and control. Those negotiations will inevitably involve decisions about the future use of SAP. Officers said they would advise when the likely timetable becomes clearer.

Guy Fiegehen
Scrutiny Officer
December 2012