

LONDON BOROUGH OF HARROW

CHIEF OFFICERS' EMPLOYMENT PANEL – 24 June 2013

**REFERENCE FROM THE OVERVIEW & SCRUTINY COMMITTEE MEETING –
4 JUNE 2013**

402. Provison of SAP Reports

The Committee received a report of the Director of Finance and Assurance which set out a summary of the recommendations of previous reviews into the use of SAP and financial management and any recommendations and actions arising from these.

The Chairman stated that a number of senior officers had been requested to attend the meeting to explain why information relating to SAP requested by a Member had not been provided. The Chairman added that he was disappointed to have received a late email apology from the former Corporate Director of Resources regarding her attendance at the meeting. He was disappointed by her non-attendance and the lack of engagement and felt that this was potentially a disciplinary issue and that a reference should be forwarded to the Chief Officers' Employment Panel. This was unanimously agreed by the Committee.

A Member, who was not a Member of the Committee, expressed his disappointment that information relating to SAP had been sought by him approximately 201 days ago, and no explanation had yet been provided by the former Corporate Director of Resources as to the reasons for the delay. The Chairman added that the Access to Information rules set out in law and in the Constitution had been revised recently. He requested the Monitoring Officer to ensure that these procedures were correctly followed by officers in the future and that any request for information from Members should be provided within 10 days of the original request.

The current Corporate Director of Resources advised that the report outlined the seven recent reviews into financial management in Harrow that formed part of the evidence base for the SAP/General Ledger Improvement work stream within the Transforming Financial Management Project. The Corporate Director added that the reviews had raised a number of issues, which had been addressed in a variety of ways and included the implementation of following measures:

- the provision of mandatory refresher SAP training for Revenue Budget holders;
- performance measures to ensure managers were complying with their forecasting;
- the monthly monitoring of the compliance of mangers with the KP06 budget monitoring processes;

- the role of the Finance Business Partner had been reviewed and updated;
- an annual timetable for budget monitoring, setting and closing was consulted and agreed;
- training programmes using the SAP reporting tool for 10 super users were completed in April 2013 jointly with the ERP support team and housing colleagues;
- the creation of a Finance Super user post.

The Corporate Director added that further strands following the CIPFA review were yet to be implemented and additional training would be delivered later in the year. Future viability and use of SAP was being reviewed, bearing in mind the financial challenges that lay ahead and the fact that the Capita contract was due to expire in October 2015.

The Director of Finance and Assurance added that the above measures would ensure improved budget setting, forecasting and monitoring processes were in place as well as ensure the cost-effectiveness and sustainability of the systems used to support this function.

A Member, who was not a Member of the Committee, flagged up that the timetable for the procurement exercise would be constrained by the 2014 local and European elections timetable and the operation of Purdah rules. He requested to know the exact timescales for the procurement exercise.

The Corporate Director of Resources advised that if it was agreed that the council should re-tender its IT provider, then a pre qualification questionnaire (PQQ) would need to be issued by January 2014. The council was in the process of reviewing possible options long-term cost efficiencies would be discussed at a cross-party Member group.

A Member, who was not a Member of the Committee, asked the following questions:

- what outcomes did the council hope to achieve through the tendering exercise;
- what would be the appropriate means for achieving these;
- what challenges and risks were associated with these;
- had the appropriate level of support and resources required for the activity been identified.

The Corporate Director of Resources advised that it was difficult to predict how the Council's main services would be delivered after 2015. Any major contracts in the future would need to have the following aspects built into them: variability and flexibility to respond to the council's changing needs. Therefore, a cost-based contract would be preferable as these had a higher level of variability built into them. The Chairman emphasised the importance of aligning the timelines for re-tendering the SAP contract with the 2014 election timelines.

A Member stated that Report 5, relating to the Corporate Resources Outline Business Case stated that the chart of accounts was not 'best structured' and stated that it was imperative that this situation be remedied as soon as possible. The Director of Finance and Assurance advised that this situation was under review and action would be taken to deal with this. The Member stated that this was a strategic decision and would require at least two years to implement.

A Member asked whether the PQQ for the IT service contract could be drafted in general rather than specific terms. The Corporate Director of Resources stated that advice was being sought regarding this. Information regarding this would be circulated to Members of the Committee in due course. The Director of Finance and Assurance advised that other authorities had specified process outcomes in their IT contracts, which was also the case for the proposed tri-borough leisure and libraries contract.

RESOLVED: That the report be noted.

FOR CONSIDERATION

Background Documents:

None

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