To: CLG

From: Myfanwy Barrett and Greg Foley

Subject: ERP Development Plan

Date: 18 September 2008

1. This report sets out the proposed ERP Development Plan.

Objectives

2. Our "mission" is to help managers to do their jobs by providing reliable and timely management information and get value for money from our investment. The objectives are to:

- Increase use of the system
- Improve the reputation of the system
- Fix technical problems
- Simplify key processes
- Improve compliance with key processes
- Improve management reporting
- Clear up confusion and improve support to users
- Provide additional training
- Improve value for money

Evidence Base

3. Over the last few months there have been four separate pieces of work which have reviewed the implementation and operation of ERP:

- Capita post implementation review

- PWC Financial Effectiveness Review

- ERP Healthchecks

- Internal Audit work

4. The findings and recommendations from each piece of work have been reviewed and the common themes have been identified as shown in **Appendix 1**.

Development Plan

5. A detailed development plan has been drawn up; a summary of which has been appended to this memorandum (**Appendix 2**). The full development plan can be

viewed on the Intranet under Hub/Employment with the Council/ERP Support/ERP Development Plan

6. There are a number of activities proposed in 2008-09 and they are summarised below:

    - Technical fixes, particularly in relation to purchasing, will be carried out by Axon at no cost to the Council

    - Through a workshop, an end to end review of the month end and forecasting process will be carried out by the Divisional Director of Finance and Procurement. The outputs will include:
        i.   Standardised and more robust month end process with tighter timescales and clear guidance
        ii. Improvements to the system including facilities to check when forecasts have been completed and reports to collate forecasts at different levels
        iii. Training for finance staff
        iv. Content for both ERP healthchecks and Management Development Programme

    - A review of reporting – both queries run in ERP itself and report packs provided via BW

    - A series of mini internal communication campaigns will be conducted to remind people of core processes and provide refresher training

    - A specific project will be undertaken to analyse problems related to interfaces, self-billing and utility billing and develop solutions (to be funded from the existing capital budget for ERP/MI development)

    - Some changes will be made to improve housekeeping, such as regular reports on outstanding commitments

    - Technical workshop for finance staff on balance sheet management, control totals, use of the budget module etc

7. It is important that this project, the Finance effectiveness review and the MDP dovetail. To achieve this, the end to end review of the budget monitoring process will be used to produce a standard approach and guidance. The MDP module in December will consist of a session on integrated service and financial planning in the morning, followed by a session on budget monitoring and an ERP refresher in the afternoon. Thereafter the standard guidance will be included in ERP healthchecks and where appropriate these will be delivered jointly by shared services and finance staff.

8. Work is already well advanced in some areas – for example all the improvements in Corporate Accounts Payable have resolved a lot of the problems with blocked invoices and improved vendor management.

9. The ERP system is set up in such a way that users can select any cost centre for purchases and journals. This leads to both some incidence of miscoding and a general uneasiness amongst budget holders because someone else could code spending to their area. The option of putting system based controls around choice of cost centres has been considered but it would be too restrictive and is not deemed to be the best way forward. Instead the intention is to

- establish a clear protocol on coding such that, in instances where it is necessary to use a cost centre managed by someone else, it is brought to the relevant budget holder's attention.
- Remind all authorisers of their responsibilities and in particular the need to check the cost centre

10. There are some areas in the development plan that need to be tackled but will have to wait until 2009-10. They include:

- Developing the use of catalogues
- Developing specialist reports to support the balance sheet, cash flow statement, RA form etc

Wider Issues

11. ERP is of course one of the Council's main corporate systems. There are however issues with other applications such as Host. It is recommended that a new Council wide group is established to ensure that all the work to develop applications is coordinated.

12. The development plan goes some way to tackle the training problems identified through the mini campaigns and review of month end processes. Under their contract Capita are required to keep all training materials up to date and the idea is to supplement this with idiot guides and intranet pages. However, there is an issue about resources to deliver training. We need to consider how this can best be resolved.

MI Development

13. This report focuses on ERP but a similar piece of work will be undertaken on MI to review the implementation and issue raised by users across the Council.

Common Themes

The common themes that have been identified from the 4 strands of work are:

Increase use of the system

- ERP being greatly under-utilised
- Need to identify non-users and take action
- Strong internal communications campaign required

Improve the reputation of the system

- Reputation of ERP is poor
- Consider identifying champions
- Strong internal communications campaign required

Fix technical problems

- Purchase card system needs an overhaul
- Forecasting/month end processes need to be reviewed
- Vendor management needs to be improved
- Lack of controls to prevent miscoding
- Not all commitments are recorded
- Problems with interfaces to other systems, particularly HOST and ANITE (causing issue above)
- Problems with the interface between ANITE and Kier
- Lack of controls around journals
- Lack of reports to support statutory statements and returns (eg, balance sheet, cash flow statement, RA form)

Simplify key processes

- Requisitioning needs to be simplified to help users

Improve Compliance with key processes

- Lack of compliance in relation to procurement and purchasing
- Lack of compliance in relation to monthly forecasting
- Failure to raise purchase orders/ Use of blue slips
- Blocked invoices/goods receipting
- Separation of duties/authorisation processes
- Substitutions

Improve management reporting

- Reporting needs to be improved
- Content of report packs for managers needs to be improved
- Delivery of report packs to managers needs to be improved
- Finance staff need to be able to see who has done their forecast
- Extensive use of local spreadsheets – need to reduce this to minimum possible

Clear up confusion and improve support to users

- Clarity required regarding roles and responsibilities of business users and support staff
- ERP healthchecks should be enhanced/integrated with other services
- Simple guidance notes or user manuals are required ("idiot guides")
- Confusion about recharges
- Confusion about who to contact for help

Provide additional training

- All reviews identified major training needs
- In some cases users lack basic IT skills and therefore struggle with ERP
- Training must be properly resourced in future

Improve Value for Money

- Licence management issues

In summary we are not getting the best out of our considerable investment in the system and it can do much more to support managers across the Council.