

Decision Maker: RESOURCES PORTFOLIO HOLDER

For Pre-Decision Scrutiny by the Executive & Resources PDS Committee on:

Date: 15th March 2017

Decision Type: Non-Urgent Executive Non-Key

Title: FINANCIAL SYSTEMS UPGRADE - (POST COMPLETION REVIEW REPORT)

Contact Officer: Emma Richardson, Head of Financial Systems
Tel: 020 8461 7453 E-mail: emma.richardson@bromley.gov.uk

Chief Officer: Director of Finance

Ward: N/A

1. Reason for report

- 1.1 As part of the Capital Programme Procedures it is a requirement that schemes should be formally reviewed within one year of completion and the outcome of this review is brought to the Portfolio Holder for endorsement.

2. RECOMMENDATION(S)

- 2.1 That the Portfolio Holder endorses the findings of the Post Completion Review that has been carried out in respect of the Financial Systems Upgrade scheme.

Impact on Vulnerable Adults and Children

1. Summary of Impact: N/A
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Corporate Policy

1. Policy Status: Not Applicable
 2. BBB Priority: Excellent Council
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Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: £982k
 5. Source of funding: Capital receipts
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Personnel

1. Number of staff (current and additional): N/A
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory Requirement
 2. Call-in: Applicable
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Procurement

1. Summary of Procurement Implications: N/A
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

3.1 The Capital Programme Procedures require that a post completion review be carried out within 12 months of the completion of schemes that are included within the programme. This process is designed to determine the Authority's performance in the following key area;

- Were the original scheme objectives achieved?
- Were the scheme costs contained within the original budget?
- Did the scheme complete on time?
- What was the level of customer satisfaction from the end user with the overall process?

3.2 The information set out in the appendices shows the above information for the Financial Systems Upgrade.

3.3 The scheme completed within budget and the original contract programme was met. A full analysis of the project is contained within the appendix.

4. POLICY IMPLICATIONS

4.1 One of the main aims of the Council's Asset Management Plan is to ensure that all the partners in the asset management planning processes are fully consulted on the process and its outcomes. Progression of the scheme will assist in meeting one of the key outcomes of Building a Better Bromley: Ensuring good strategic financial management and robust discipline to deliver within our budgets.

5. FINANCIAL IMPLICATIONS

5.1 This report provides information on a Post Completion Review that has been carried out in respect of the Financial Systems Upgrade project.

5.2 The initial budget allocated to the project was £1.5m in February 2004. This was subsequently amended to £982k as shown in the table below, which also summarises the financial outturn position of the scheme: -

Financial Summary of the Financial Systems Upgrade Project

	£'000	£'000
Original capital estimate	1,500	
Less reallocation of budget towards E-procurement project (Agreed Nov 2006)	-475	
Less reallocation of remaining budget to rollout of Windows 7 (Agreed Jul 2015)	<u>-43</u>	
Latest approved capital estimate		982
Final scheme costs		<u>982</u>
Net underspend		<u>0</u>

Non-Applicable Sections:	Legal, Personnel & Procurement Implications, Impact on Vulnerable Adults and Children, Consultation
Background Documents: (Access via Contact Officer)	16 th Feb 2004 - CAPITAL REVIEW 2003 AND THE PRUDENTIAL CODE

Financial Systems Upgrade

Scheme Details

1. The scheme was to upgrade the Councils financial systems. Oracle had notified the Council that they would no longer be supporting the current corporate financial system, Oracle Financials 10.7, and that the hardware was not sufficient to cope with the latest version, Oracle E-Business Suite 11i. The scheme also included the introduction of two new financial monitoring systems (Employee Budget Monitoring and Full Budget Monitoring), and an electronic invoice archiving and payment processing solution to improve efficiencies in the Council and enable savings to be achieved.

Scheme History

2. In February 2004, Council approved an application for £1.5m capital funding to update the Oracle Financial System 10.7.

In November 2006 £475k of the budget was reallocated to the E-Procurement capital scheme and in July 2015, Executive agreed to transfer £43k to the Rollout of Windows 7 capital scheme and to contribute towards upgrading the VersionOne (V1) system.

The latest approved capital budget was £982k as shown in the table below: -

		£'000
Original Budget	Feb-04	1,500
Re-allocation of Budget to E-Procurement	Nov-06	-475
Transfer to Rollout of Windows 7	Jul-15	-43
		982

The scheme was mainly used to re-implement the existing financial system Oracle 10.7, which included the Council's Accounts Payable, Accounts Receivable, Cash Book and General Ledger functions. As part of the upgrade, the Purchase Order module was bought, and a 'punch-out' function included for ordering stationery and related items from Office Depot with an automatic electronic invoicing system. Oracle 11i went live in April 2006 and a year later the online ordering module went live.

Whilst upgrading to Oracle 11i a document scanning/imaging system (V1) was introduced that would allow users to drill down to the actual images of invoices. This saved users time searching through manual batches of invoices which were held by the Accounts Payable team. Cash savings were made as the invoice batches no longer needed to be microfilmed. In addition, the Council later implemented V1's direct BACS payment software and cheque printing solutions which achieved savings of over £80k per annum on the previously outsourced contract.

The scheme was also used to develop a Financial Management Information System (FMIS) in 2005 to provide web based financial reporting to Budget Holders to empower them to effectively manage their service and budgets. Although the system went live there were limitations with it and the system was eventually replaced with bespoke systems that were developed in-house – Employee Budget Monitoring (EBM) and Financial Budget Monitoring (FBM).

From July 2012 the support of Oracle 11i moved to an 'extended support' situation so a further major upgrade to R12 was undertaken which went live in March 2013. The upgrade which also

involved moving to new non-proprietary hardware and operating system (HP Blade servers and Red Hat Linux) for better disaster/fall-over recovery and integration with the Council network.

A summary of the full costs of the upgrade is shown below: -

	£
Oracle Upgrade to 11i including Purchase Order module	448,130
Oracle Upgrade to R12 and hardware update	210,649
Budget monitoring systems	165,253
V1 - Document Imaging and payments	157,960
	<u>981,992</u>

Running Costs

3. There have been some changes in running costs both increases and decreases with the various elements e.g. licenses, however these have been contained within the operational budgets.

Scheme Objectives

4. The objective of the scheme was to update the Council's main Financial system to ensure that it was still supported.

Assessment of Scheme Success

5. The scheme objectives have been met and the scheme has been a success.

Assessment of Contract Efficiency

6. Contract period – 11i: 27 weeks
Start Date: Oct 2005
Practical Completion: April 2006
Over-run: None

Outstanding Issues and Their Proposed Resolution

7. There are no outstanding issues.