Leicester City Council

STRATEGIC RESOURCES GROUP **30 August 2005**
CABINET **26 September 2005**

RESOURCE MANAGEMENT STRATEGY BUSINESS CASE SUPPORTING INFORMATION

Report of the Chief Financial Officer

1. INTRODUCTION

The purpose of this report is to put forward a business case for the replacement of the current disparate resource management systems with a fully integrated resource management system and secure the support of SRG for the project.

The business case itself is purely making the case for upgrading the software while the Support Services Review will identify the best way of providing the resource management systems.

The recommendations in this report are supported by a report prepared for the Council by Deloitte in May 2005.

2. SUMMARY

The current systems were developed in the 1970's based on mainframe technologies with centralised input of manually completed documents that provided the correct technical solution to meet the business model of the Public Sector at that time. However over the years the systems have suffered from lack of investment and consequential decline in the user base.

The systems are heavily dependent on the manual processing of paper documents and are now totally unsuitable in meeting the modern E-government agenda. Compared with modern systems they are very costly to support and maintain both from a technology standpoint and the need for extensive reconciliation and control procedures.

The current contract with SSA Global, the providers of General Ledger Financial and Management Accounting and Purchasing and Payments expires in September 2008. SSA Global and the previous owner Computer Associates have failed to invest in new technology. Reluctance to meet e-government requirements is resulting in customers seeking alternative systems that suggest there is no future for the system. As a result the Local Authority customer base, which was in excess of 20 users in 2004 has more than halved with the software being replaced or users within the process of implementing a replacement strategy.

3. BACKGROUND HISTORY

3.1. CURRENT SYSTEMS

- **GENERAL LEDGER, FINANCIAL AND MANAGEMENT ACCOUNTING**

This is provided by software called Masterpiece that was designed in the 1970's and was purchased by Leicester City Council in 1992. It was well used in the Public Sector and runs on the AS/400 IBM technology that was one of the most stable platforms in the 1990's.

The strengths of the system are in its accurate processing of financial information and meeting the needs of accountants in on line access to financial information. Some progress has been made with the system with the FMIS Re-implementation Project of three years ago. Commitment accounting is now operational and used in most departments. Guidance for cost centre managers has been redesigned and updated and "Smart link" is now available for uploading budgets and downloading information for those Departments who have requested it.

The major weakness of the software is that its technology does not provide a user-friendly windows interface for users and its lack of integration with other resource control systems being based on batch controlled interfaces and manual reconciliations

- **PROJECT ACCOUNTING**

Masterpiece is not suitable for project accounting as projects span a number of financial years. Control and reporting in Masterpiece is based on accounting years, therefore this requirement has to be met by the use of personal spreadsheets and manual documentation.

- **SUPPLIER PAYMENTS**

Masterpiece Accounts Payable provides payments software and is integrated with the General Ledger through an overnight interface. It provides payment by cheque and BACS However it provides little in the way of Supplier Management information other than the payment made and to whom and will not meet the needs of a modern Procurement Strategy where managing suppliers and contracts is a key requirement. The E-government strategy requires electronic payment of invoices but this is not available.

Processing of payments is effectively a manual process where the invoice is processed through a series of manual checks and certification before being input to the system.

- **PROCUREMENT**

The procurement process is intensively manual using a large number of paper based processes and authorisation procedures. A consultancy report on e-procurement recommended a way forward in October 2002 and discussions were held with SSA Global, the owners of Masterpiece. Despite repeated promises from SSA Global no solution has been provided to meet e-procurement needs.

The consultancy report on e-procurement highlighted a number of key deficiencies such as lack of purchasing information, off contract purchasing, inefficient processes, lack of control etc.

Purchasing is still not used by Education and Lifelong Learning or Social Care and Health.

- **DEBTORS**

Leicester City Council is now the only user of the Wealden Debtors software and the system is at risk due to lack of support and needs to be replaced as a matter of urgency. Failure to manage and recover debts would be a serious business risk for the Council. This situation has existed for some time and funding of £140,000 in the Capital Programme to replace the software has been approved. That said the system still meets the business needs of the service.

- **INCOME MANAGEMENT**

  This is currently provided by a number of bespoke interfaces and is run on the ageing As/400 platform. This requires extensive manual reconciliation and control procedures

- **CASH RECEIPTING**

  Cash receipting is provided by Spectrum and is a stand-alone system providing adequate cash receipting functionality. There are again bespoke interfaces to front line systems and in particular the back office integration with Masterpiece General Ledger is complex .As well as interfaces there are extensive procedures and manual processes involved in processing journals through Masterpiece General Ledger to analyse income collected at Leisure Centres, Libraries, etc.

  An adverse audit report has cast doubts about the Spectrum System's ability to deliver a secure E-payments solution. This coupled with concerns over the functionality, has prompted the Council to find an alternative e-payments solution.

- **STORES and JOB COSTING**

  This software, used by Housing, was developed in house and is supported by Corporate ICT. Be-spoke applications of this nature are generally more expensive to support. The system runs on the AS/400 and will not provide the functionality for-e-procurement without major redevelopment. There are bespoke interfaces to the General Ledger with time consuming manual processing and controls.

  The Housing Department are implementing a new Integrated Housing System (IHS) that has an integrated set of modules, all sharing a core database of people and properties. Stores and Job Costing modules are required which would be provided by the integrated resource management system.

- **ASSET MANAGEMENT**

  Apart from Property Systems, the Council does not have any corporate systems to manage its assets. It is reliant on a number of manual systems, spreadsheets and bespoke databases developed in Departments. There is no integrated approach to managing the Councils assets leading to possible waste of resources across Council Departments.

3.2. CURRENT COSTS OF FINANCIAL SYSTEMS 2005/6

- IT COSTS (Excluding desk tops and local printers)

  The cost of external and internal support for the hardware and software of the current financial systems is **£670,510.**

- OTHER SUPPORT AND CONTROL COSTS

  The support team for Masterpiece and the Control and Support Team for financial systems make up other support costs at a combined cost of **£540,000**.

- PROCESSING OF FINANCIAL TRANSACTIONS

  In addition to direct costs, processing costs are spread throughout the whole organisation with the bulk of the costs incurred in paper based manual processes and procedures in financial administration. These cost are hidden but substantial.

3.3. WHAT HAVE OTHER LOCAL AUTHORITIES DONE

The majority of Local Authorities have replaced their resource control systems with integrated software either to meet the needs of the year 2000 date change or to more recently to deliver their e-government strategies. *(This information has been supplied by the Society of Information Technology Management (SOCITM) who provide an annual survey of software used by Local Government)*

4. REASONS FOR CHANGE

4.1. BUSINESS DRIVERS

- **The need to save money** – The need to save money is the prime driver and to reinvest those efficiency savings in service improvement. As part of the Gershon (efficiency review) from April 2005, the Council will be expected to realise efficiency improvements of 2.5% per annum for the next three years, based on total expenditure.
- **Electronic Service Delivery** – the focus of implementing e-Government targets (IEG) has moved towards key priority outcomes. For December 2005, there is a mandatory E-government target to have paperless ordering, invoicing and payments system and also discretionary targets to use virtual marketplaces and adopt the use of purchasing cards. Councils must also implement e-Payments (accounts receivable) for customers to pay the Council across multiple access channels, through a joined-up payments solution. More complex outcomes have been set for implementation during 2006.
- **Legacy resource management systems** – The Council aims to migrate its core information systems from older technologies, such as AS400 to Sun Solaris. In the case of Masterpiece, the Council has chosen to delay this potentially costly migration due to concerns regarding the future of the application. Masterpiece is likely to be the last major system remaining on the AS/400.
- **The Support Services Review** – The Council is undertaking a review of support services and this will identify the best way of providing the resource management systems i.e. whether in house, from an Application Service Provider or through a shared services arrangement.

4.2. RISKS WITH DOING NOTHING

Already the consequences of lack of investment in Resource Management systems, is having an adverse impact on the Council namely -

Short Term Risks

- Delaying implementation of the strategy will incur short-term expenditure to meet e-government targets and the longer we delay the more these costs are.
- Delivering e-procurement remains precarious while we have to rely on SSA Global given the company's track record to date and the continued lack of investment in this system.
- Collection of the Council's debts is at risk with the need to replace the Wealden system
- Continual investment in individual systems is expensive in terms of procurement costs, replacement and support of interfaces and reconciliation and control procedures.

Longer Term Risks

- The long-term future of Masterpiece is in doubt given the decline in the Local Authority user base and the lack of investment in the software. At some point the software will be very expensive to support or not supported at all.

- Without investment in E-Gif compliant systems our E-government strategy will not be achieved. E-Gif is a government technical standard that software applications must meet.

- The Government vision of a ***"single account"*** access for Business, Employee, Citizen and Property will be at risk without a modern integrated resource management system based on WEB technologies which will provide self service and access to users via the Internet.

- The savings identified by Gershon are unlikely to be achieved to the maximum possible extent without investment in systems, particularly in the procurement cycle and back office processing

- The need to replace the Job costing and Stores systems for Housing which are reliant on internal support by individuals and need additional functionality particularly e-procurement.

4.3. OPTIONS

1. DO NOTHING

This would entail all the risks set out in section 4.2 and is not recommended.

2. PIECEMEAL IMPROVEMENT OF RESOURCE MANAGEMENT SYSTEMS

- **ADVANTAGES**

  i. Greater flexibility

  ii. Closer fit with specific requirements

  iii. Buy from different suppliers and not "put all ones eggs in one basket"

  iv. Implementation can be more easily delivered in stages

- **DISADVANTAGES**

  i. Systems are not procured and implemented at the same time leading to extra project costs through duplication of processes

  ii. Cost of integration of multiple systems

  iii. If managed in house a diverse set of skills required for each product

  iv. If outsourced may require multiple contracts

  v. Higher procurement costs

  vi. Higher over all support costs with multiple systems from multiple suppliers

  vii. More difficult to consolidate training/knowledge requirements and hence costs increase

  viii. Scalability and expansion of the whole system may be limited

ix. No single point of contact/expertise

x. Complex relationship with multiple suppliers may reduce effectiveness and efficiency of both the implementation and ongoing development

xi. Council may not be able to attract or retain appropriate skills needed to maintain multiple systems and hence rely on expensive external consultancy

xii. Although specific business requirements are met by focused individual solutions, the overall systems may not fulfil corporate requirements around process efficiency and cost reduction

xiii. Complexity of systems applications may lead to diverging priorities in terms of overall systems development

3. REPLACEMENT WITH AN INTEGRATED RESOURCE MANAGEMENT SYSTEM

The opposite of the piecemeal approach applies with the addition of the following

- **ADVANTAGES**

i. Greater stability as system purchased from one supplier

ii. Most suppliers in market would be able to meet the functionality required by the Council (given that other local authorities have successfully implemented such systems)

iii. Integrated software with streamlined update process so that transactions in one part of the system will result in the automatic update of all other related records maintained in the system

iv. Reduced service delivery costs; less time spent on planning, budgeting and reporting and more time spent in identifying improvement opportunities

- **DISADVANTAGES**

i. System implementation is more complex but this risk can be mitigated by effective project management using the PRINCE II methodology

5. WAY FORWARD

5.1. DELOITTE RECOMMENDATION

Following an internal review of the resource management systems Deloitte were engaged to advise on and recommend a Resource Management Systems Strategy for Leicester City Council. This report was completed in March 2005 and the Resource Management Systems Programme Board at their meeting on the 16th March agreed in principle its major recommendation to replace the current resource systems with a fully integrated system. Deloitte have provided indicative costs for the implementation of such a strategy ***(see section 6 on Financial Implications)***

Deloitte considered three different types of integrated solution in their analysis with the various advantages/disadvantages and risk analysis of each solution. The three options were

1. Fully integrated solution from a ***"Tier One"*** supplier such as Oracle or SAP.
2. Fully integrated solution from a ***"Mid Tier***" supplier such as Agresso or Cedar.
3. Best of breed solution based on systems from multiple suppliers

A best of breed solution was rejected given the high cost and complexity of integration, ongoing support costs and future development and the accountability with multiple suppliers.

The major issue revolved around the high cost and future guarantee of stability of a Tier one supplier as opposed to the lower cost and potential take over of a Mid-Tier supplier. On balance given the size of Leicester City Council it was felt that the Mid-Tier supplier offered better value for money. This was backed up by evidence of similar sized local authorities that had opted for a Mid-Tier solution. However given the competition in the market the selection of the supplier would be subject to the normal procurement tendering process.

5.2. PROPOSED SOLUTION

In line with the Deloitte recommendation it is proposed to replace the current systems with a fully integrated resource management system. This will have major benefits for the Council by improving the efficiency in the processing of financial transactions and management of resources and improving the effectiveness of the control over resources by ensuring the right information is available to the right people at the right time.

5.3. BENEFITS OF THIS SOLUTION

The key benefit of a modern integrated solution is flexibility allowing resource management and administration to be carried out where it is most appropriate in a more efficient manner. This would have major implications for the support services of Finance, ICT, Procurement and General administrative services allowing the right balance between centralisation and de-centralisation to be achieved. It will also be considerably more cost effective.

See ***APPENDIX A*** for an itemised list of benefits.

5.4. ISSUES FOR IT SERVICES

The replacement of the resource management systems will have a major impact on the provision of IT services and will assist the department in its current aim to change its operations and support services in line with the replacement strategy of the AS/400. The issues that are being addressed include:

- The financial systems are likely to be the last systems on the AS/400 and therefore careful thought needs to go into the decommissioning of the hardware
- The impact of a modern integrated system on the current Application, Operation and System support functions for financial systems.
- The movement away from corporate printing to on line access and increased remote printing.
- It is critical to the success of the project that the IT infrastructure is in place to support the systems from the hosting strategy, through the network to the desktop.
- There are likely to be decisions required on the Corporate Infrastructure Tools such as Workflow, EDRMS, Messaging etc.

5.5. MANAGING THE PROJECT

An experienced Project Manager using Prince II is critical to the success of such a large project together with commitment for, and management of, the resources over the life of the project and ensuring that the new system is fully implemented.

1. The commitment of experienced internal resources is critical to the project. Deloitte have suggested indicative costs of £1.3 Million that would equate to approx £0.5 Million per annum for a two and half year project. An alternative is to use external resources on the project team but this would increase the project costs considerably.

2. It is also essential that having implemented a new system it is not left "sitting in the garage". The key to success is that Business Processes and Functionality, People and Change and the Technology need to be coordinated and managed to ensure the benefits of the new systems are realised.

5.6. PROPOSED PROJECT TEAM

It is advisable to have a large internal project team supplemented where necessary with external support to ensure that: -

1. There are experienced internal staff with the necessary business knowledge of the organisation and systems.

2. The use of expensive external consultancy support is kept to a minimum

3. Sufficient staff are trained in the new systems to provide future support and ongoing development.

4. To provide resources for the main implementation tasks of system design, setup, testing, training, data migration, interfaces and go live.

It is suggested that the project team has a core team of 7 staff, from the Financial Development Team (3); Financial Systems Support (1); Control Team (1); ICT (2). This will need to be supplemented with expertise from the Departments and/or external specialists for specific modules of the system. It may be that up to a further 8 staff will be utilised in this way at different times during the course of the implementation. This is in line with resources advised by Deloitte and consistent with the experience of other authorities implementing a financial system.

5.7. INDICATIVE PROJECT PLAN

See ***APPENDIX B*** for an indicative outline project plan based upon a typical implementation advised by Deloitte.

The approach is not recommending a "big bang" change for all the systems in one go but is proposing that the integrated software is purchased upfront to enable any of the modules to be implemented as and when required.

The actual implementation plan could well be different as it will depend on business drivers such as risks to systems, replacement of the AS/400, out comes of the Support Services Review and e-government targets.

5.8. PROJECT RISK ASSESSMENT

Including the project as part of the overall efficiency programme, the use of PRINCE II methodology and the appointment of an experienced project manager will ensure that the risks are effectively managed.

See ***APPENDIX C*** for an assessment of the risks involved

6. FINANCIAL IMPLICATIONS

***CAPITAL COSTS:**		**£**
	Software	250,000
	Project Management & Implementation	1,300,000
	External Consultancy Support	750,000
	Contingency	230,000
		2,530,000
FUNDING:		
	Capital Programme	
	- RMSS	1,000,000
	- Replacement Debtors	140,000
	Prudential Borrowing	1,390,000
		2,530,000

REVENUE IMPLICATIONS (Per Annum):

****** Prudential Borrowing Costs	330,000
Less Savings from IT Support	220,000
Balance to be found	110,000

**** Capital Costs excludes the estimated cost of £100,000 for hardware as this is provided for in the revenue budget through leasing charges.***

***** It is assumed that the borrowing will be over a five-year period and is consistent with the ground rules for Prudential Borrowing agreed by Cabinet.***

6.1. CAPITAL COSTS

Deloitte have provided the indicative costs of £2.3 Million for the implementation of the longer-term strategy based on a "mid-tier" fully integrated resource management system.

This figure does not include the capital cost of £100,000 for the hardware as this is provided for in the revenue budget through leasing charges.

The cost estimates are prudent and provide the opportunity for the Council to clearly appreciate the need to provide significant internal resources to ensure the project is a success. It would also be advisable to have a 10% contingency of £230,000 making a total Capital Cost of £2,530,000.

6.2. FUNDING

It is proposed to fund the project partly from the Capital Programme (£1.14M) based on the need to replace the systems and the balance from prudential borrowing The efficiency savings will come from re-engineering the processes such as procurement, income management, control and reconciliation and back office integration and the rest from software and hardware support and ICT support costs in decommissioning the AS/400.

As far as the Capital programme is concerned, £140,000 for the replacement of Wealden has been approved and there is £1 Million in the reserved list for the replacement of financial systems. It is proposed to fund the balance of £1,390,000 from efficiency savings of £330,000 per annum from 2007/8 to 2011/12 once the replacement systems have been implemented. See below for a breakdown of the efficiency savings

1. CASHABLE SAVINGS

- From IT support costs by investing in new technology should enable indicative savings of the order of £220,000 per annum.

  i. £60,000 on external support for applications software

  ii. £150, 000 of savings at a minimum will be possible (subject to further validation) to be made mainly from investing in an on line integrated solution and resulting improvements

  These savings would normally be shared between all its users but because FMIS is the major user the savings should be ring fenced to contribute towards funding the corporate project.

  iii. £10,000 from hardware leasing costs and hardware support for a single infrastructure platform based on UNIX The hardware costs have been provided by Deloitte but these figures are only indicative and need to be validated by the ICT Department.

- From re-engineering the financial business processes savings of lat least £110,000 per annum should be capable of being saved within financial administration. These will mainly come through re-engineering the business processes, centralisation of the payments function and reduction in the need for manual reconciliation and control procedures. How this is apportioned will depend on how the processes and responsibilities are changed.

2. INDIRECT BENEFITS

- Improvement in the effectiveness of financial and resource control through out the organisation

- User friendly software that will be used by managers and improve their control over resources

- Integration of the General Ledger with other resource control systems enabling “drill down” from accounting information to the source of the business transaction. For example expenditure on the accounts can be tracked to see the full audit trail of the process from requisitioning, ordering, receiving and paying for the goods. Similarly income received in the accounts can be similarly tracked

- Integrated on line systems can also ensure that managers, procurement professionals, accountants are all looking at one version of the information and effectively one version of the truth as data is entered once only into the system.

6.3. COLLABORATION IS AN ALTERNATIVE OPTION FOR SHARING FUNDING, RISKS AND MAKING FURTHER EFFICIENCY GAINS

This approach would involve working alongside one or more other local authorities to specify, procure and implement a shared resource management system. In addition this approach may include the creation of a shared service. The costs of the procurement, implementation and maintenance would be shared by the parties involved.

The key benefits could be seen as: -

- Meeting the current Government agenda regarding collaborative working

- Reducing the cost of implementation and on-going costs

- Share and distribute the technology infrastructure to improve resilience and availability assuming the solution was hosted by the authorities

- Reduced hosting costs if hosted by a third party

The main disadvantages associated with this model relate to the risks of the collaborative partnership becoming dysfunctional. The likelihood of the resultant risks will be dependent upon the level of political and senior leadership and commitment to the partnership. Even if this issue does not occur there are a number of specific problems that may arise for example, agreeing the specification; supplier; processes; service levels and other operational components.

The major risks to such an approach could be: -

- Inability to agree on a common specification or compromise, where necessary

- Disagreement regarding the preferred software solution and implementation partner

- Unable to agree the financial model regarding the size of contribution from each party

- Lack of clarity and direction during implementation due to poorly defined roles between key representatives from the authorities

Deloitte have advised that most of the solution providers would be able to support such a model but from Deloitte's experience no authorities have actually implemented a shared solution. However a number of public sector organisations are now discussing the potential for this option.

Initial discussions have been held with other Leicestershire Local Authorities and Hinckley and Bosworth and Blaby have decided to replace their financial systems and have expressed an interest in collaboration.

Although the districts are small in relation to Leicester City Council there is the opportunity to share the costs of project management, procurement and external advice and consultancy support.

Further discussions on collaboration with Hinckley and Bosworth and Blaby have been put on hold pending the decision of the Council to replace their systems.

There would also be the future opportunity for further collaboration on shared services in line with the Governments future vision.

7. NEXT STEPS

1. To secure Cabinet approval to the project and release of the £1 Million from the Reserved List of the Capital Program. See ***APPENDIX D*** for timetable.

2. Once the funds have been released to set up the Project Board.

8. LEGAL IMPLICATIONS

There are no legal implications at this stage

9. CONCLUSION

It is critical that the Resource Management Strategy is implemented as soon as possible so as to :-

- Replace the financial systems provided by SSA Global prior to the end of their support contract in September 2008
- Avoid the recurring need for interim expenditure which needs to be written off to solve short term business problems
- Meet future E-government targets
- Meet the Gershon (Efficiency Review)
- Avoid the risk of lack of future support for critical financial systems currently being experienced for Wealden
- Meet the needs of Housing to replace their Job Costing and Stores system as part of their IBS replacement strategy

APPENDIX A

BENEFITS OF AN INTEGRATED SOLUTION

- Information will be more accurate by the use of self-service for employees, suppliers and members of the public, for example, in updating address, personal and company information.
- Input errors will be eliminated when data is entered “at source” and validated.
- Information entered only once and then shared throughout the system.
- The system will be more user friendly and rely on the use of descriptions not codes for the processing and retrieval of information.
- Use of workflow will see authorisation and controls carried out electronically rather than by manual interfaces
- The systems will have a windows look and feel and provide up to date and more accurate information for managers
- Improved analytical and reporting tools will enable the better information to be used more effectively
- In procurement all users involved in the process will have tailored access to the information they need to see
- Full compliance with the Data Protection and Freedom of Information Acts
- Fully ***“E-Gif”*** compliant (Government Interoperability Framework) as required by the Government to be able to deliver the objectives of E-government These are Information Technology standards that have been agreed by the Government to which all systems have to comply.
- In procurement the use of manual catalogues and requisition and order pads will be replaced by electronic catalogues and ordering goods and services electronically with authorisation, where required, provided by workflow.
- When using electronic catalogues to purchase goods and services information will be analysed through automatic coding systems guaranteeing accuracy and providing information to the procurement specialist, the accountant, the manager and project manager again enabling one data set to be shared across the organisation.
- Automated access to procurement information analysed by type and commodity of spend and full description of items purchased.
- Automated access to supplier information enabling the monitoring of the performance of the supplier in meeting delivery timetables, quality of goods delivered and contracts.
- Use of automated orders for electronic catalogues for low value high volume transactions and authorised workflow for high value low volume goods and services
- Electronic procurement software which will control purchasers by type and value of spend
- Security of access to an integrated system will be simpler and quicker controlled through the use of a single password eliminating the need to remember multiple passwords and avoiding the risk to security when writing them down.

- Seamless integration with GroupWise and Microsoft Office products such as Word, Excel and Project management.

- Budget managers will be able to follow a full audit trail of the processing of financial transactions from a balance in the general ledger, through the payment process, receiving, ordering and requisitioning of the goods and services.

- Selected suppliers will have self service to update company information and where applicable access to orders and stores balances in the new system to be able to predict stock levels to provide a quicker and more responsive service

- The Government vision of a ***"single account"*** access for Business, Employee, Citizen and Property will be deliverable with an integrated resource management system.

- Integration of front line systems will be much easier, require less maintenance and support and control and reconciliation than older bespoke interfaces from multiple suppliers and technologies

- Most departments have their own systems for managing some of the financial processes, which has meant duplicate data input, incomplete corporate management information and inconsistent business processes across the Council.

- Corporate and departmental systems and processes are not effectively joined up and even where integration exists it is often complex and is dependent on overnight processing with consequential reconciliation and control support services required. From a managers point of view the systems are never in sync and information from the systems needs to be adjusted for reporting and is inconsistent across the organisation

- Management information will no longer be based upon local spreadsheets and databases but available corporately.

- The systems will have integrated e-procurement and e-payments solutions along with self-service.

- Electronic forms processing of receipted income to replace the inefficient manual processing of journals for miscellaneous income

- Automated bank reconciliation system to replace current manual processes and procedures

- Corporate Income Management reporting to replace ad hoc reports from disparate systems and manual reporting and analysis

- Improved reconciliation using a fully integrated income management system replacing current manual and spreadsheet reconciliation procedures

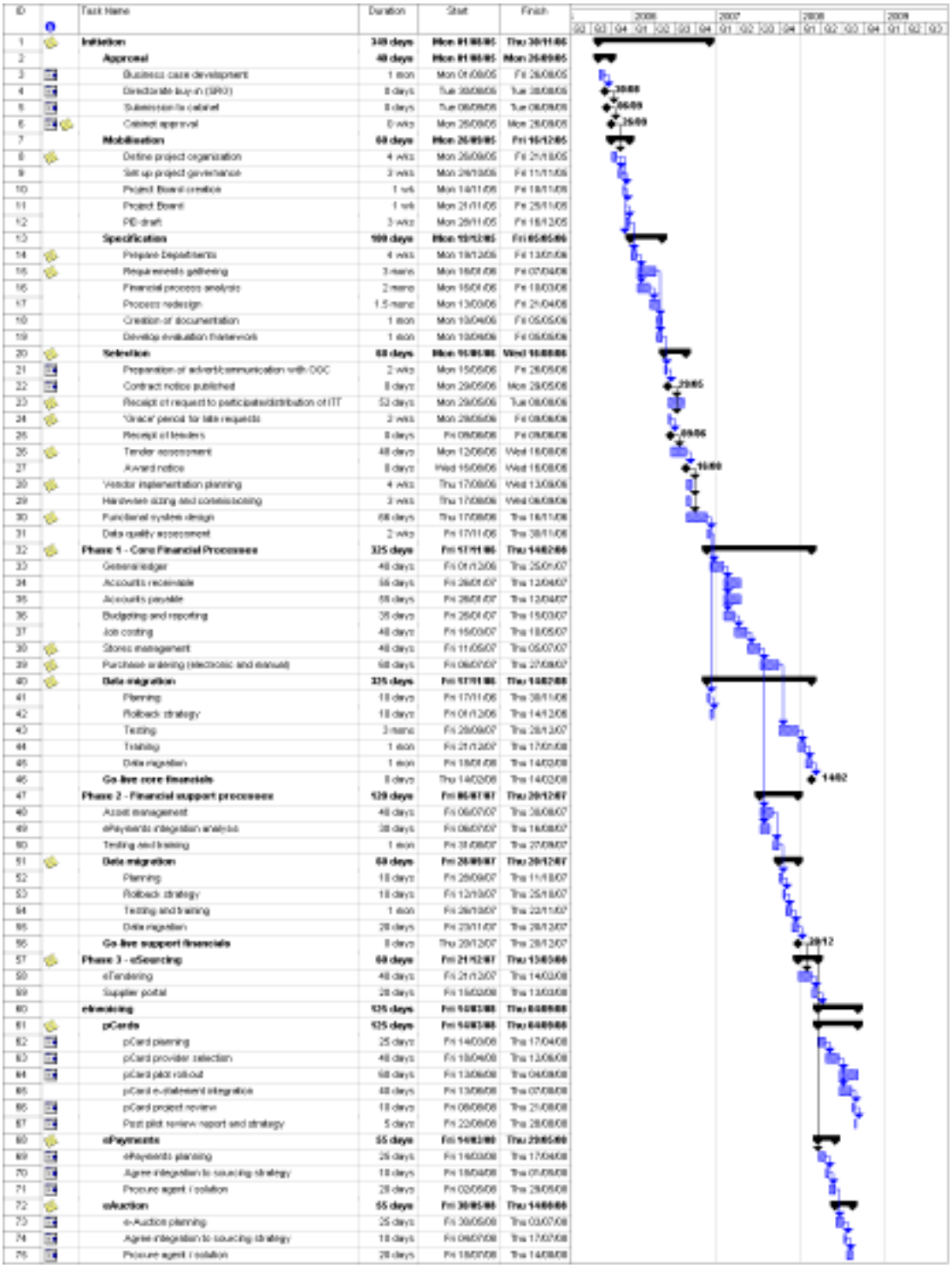
- Reduction in the use of suspense and control accounts for reconciliation

- Validation of ledger journals at source reducing the number of correction journals.

- Reduction in the number of ledger journals and accounts in the General Ledger as the detailed information will be held in the feeder resource systems as part of the integrated solution.

- Improved financial control as new systems will prevent users and managers charging expenditure or income outside of their approved range of codes.

OUTLINE PROJECT PLAN



ID	Task Name	Duration	Start	Finish
1	**Initiation**	**348 days**	**Mon 01/08/05**	**Thu 30/11/06**
2	**Approval**	**40 days**	**Mon 01/08/05**	**Mon 26/09/05**
3	Business case development	1 mon	Mon 01/08/05	Fri 26/08/05
4	Directorate buy-in (SRO)	5 days	Tue 30/08/05	Tue 30/08/05
5	Submission to cabinet	5 days	Tue 06/09/05	Tue 06/09/05
6	Cabinet approval	0 wks	Mon 26/09/05	Mon 26/09/05
7	**Mobilisation**	**60 days**	**Mon 26/09/05**	**Fri 16/12/05**
8	Define project organisation	4 wks	Mon 26/09/05	Fri 21/10/05
9	Set up project governance	3 wks	Mon 24/10/05	Fri 11/11/05
10	Project Board creation	1 wk	Mon 14/11/05	Fri 18/11/05
11	Project Board	1 wk	Mon 21/11/05	Fri 25/11/05
12	PID draft	3 wks	Mon 28/11/05	Fri 16/12/05
13	**Specification**	**100 days**	**Mon 19/12/05**	**Fri 05/05/06**
14	Prepare Departments	4 wks	Mon 19/12/05	Fri 13/01/06
15	Requirements gathering	3 mons	Mon 16/01/06	Fri 07/04/06
16	Financial process analysis	2 mons	Mon 16/01/06	Fri 10/03/06
17	Process redesign	1.5 mons	Mon 13/03/06	Fri 21/04/06
18	Creation of documentation	1 mon	Mon 10/04/06	Fri 05/05/06
19	Develop evaluation framework	1 mon	Mon 10/04/06	Fri 05/05/06
20	**Selection**	**68 days**	**Mon 15/05/06**	**Wed 16/08/06**
21	Preparation of advert/communication with OOC	2 wks	Mon 15/05/06	Fri 26/05/06
22	Contract notice published	0 days	Mon 29/05/06	Mon 29/05/06
23	Receipt of request to participate/distribution of ITT	52 days	Mon 29/05/06	Tue 08/08/06
24	'Grace' period for late requests	2 wks	Mon 29/05/06	Fri 09/06/06
25	Receipt of tenders	5 days	Fri 09/06/06	Fri 09/06/06
26	Tender assessment	48 days	Mon 12/06/06	Wed 16/08/06
27	Award notice	0 days	Wed 16/08/06	Wed 16/08/06
28	Vendor implementation planning	4 wks	Thu 17/08/06	Wed 13/09/06
29	Hardware sizing and commissioning	3 wks	Thu 17/08/06	Wed 06/09/06
30	Functional system design	60 days	Thu 17/08/06	Thu 16/11/06
31	Data quality assessment	2 wks	Fri 17/11/06	Thu 30/11/06
32	**Phase 1 - Core Financial Processes**	**325 days**	**Fri 17/11/06**	**Thu 14/02/08**
33	General ledger	40 days	Fri 01/12/06	Thu 25/01/07
34	Accounts receivable	55 days	Fri 26/01/07	Thu 12/04/07
35	Accounts payable	55 days	Fri 26/01/07	Thu 12/04/07
36	Budgeting and reporting	35 days	Fri 26/01/07	Thu 15/03/07
37	Job costing	40 days	Fri 16/03/07	Thu 10/05/07
38	Stores management	40 days	Fri 11/05/07	Thu 05/07/07
39	Purchase ordering (electronic and manual)	60 days	Fri 06/07/07	Thu 27/09/07
40	**Data migration**	**325 days**	**Fri 17/11/06**	**Thu 14/02/08**
41	Planning	10 days	Fri 17/11/06	Thu 30/11/06
42	Rollback strategy	10 days	Fri 01/12/06	Thu 14/12/06
43	Testing	3 mons	Fri 26/09/07	Thu 20/12/07
44	Training	1 mon	Fri 21/12/07	Thu 17/01/08
45	Data migration	1 mon	Fri 18/01/08	Thu 14/02/08
46	**Go live core financials**	0 days	Thu 14/02/08	Thu 14/02/08
47	**Phase 2 - Financial support processes**	**120 days**	**Fri 06/07/07**	**Thu 20/12/07**
48	Asset management	40 days	Fri 06/07/07	Thu 30/08/07
49	ePayments integration analysis	30 days	Fri 06/07/07	Thu 16/08/07
50	Testing and training	1 mon	Fri 31/08/07	Thu 27/09/07
51	**Data migration**	**60 days**	**Fri 28/09/07**	**Thu 20/12/07**
52	Planning	10 days	Fri 28/09/07	Thu 11/10/07
53	Rollback strategy	10 days	Fri 12/10/07	Thu 25/10/07
54	Testing and training	1 mon	Fri 26/10/07	Thu 22/11/07
55	Data migration	20 days	Fri 23/11/07	Thu 20/12/07
56	**Go live support financials**	0 days	Thu 20/12/07	Thu 20/12/07
57	**Phase 3 - eSourcing**	**60 days**	**Fri 21/12/07**	**Thu 13/03/08**
58	eTendering	40 days	Fri 21/12/07	Thu 14/02/08
59	Supplier portal	20 days	Fri 15/02/08	Thu 13/03/08
60	**eInvoicing**	**125 days**	**Fri 15/02/08**	**Thu 15/08/08**
61	**pCards**	**125 days**	**Fri 15/02/08**	**Thu 15/08/08**
62	pCard planning	25 days	Fri 14/03/08	Thu 17/04/08
63	pCard provider selection	40 days	Fri 18/04/08	Thu 12/06/08
64	pCard pilot roll-out	60 days	Fri 13/06/08	Thu 04/09/08
65	pCard e-statement integration	60 days	Fri 13/06/08	Thu 07/08/08
66	pCard project review	10 days	Fri 08/08/08	Thu 21/08/08
67	Post pilot review report and strategy	5 days	Fri 22/08/08	Thu 28/08/08
68	**ePayments**	**55 days**	**Fri 14/03/08**	**Thu 29/05/08**
69	ePayments planning	25 days	Fri 14/03/08	Thu 17/04/08
70	Agree integration to sourcing strategy	10 days	Fri 18/04/08	Thu 01/05/08
71	Procure agent / collation	20 days	Fri 02/05/08	Thu 29/05/08
72	**eAuction**	**55 days**	**Fri 30/05/08**	**Thu 14/08/08**
73	e-Auction planning	25 days	Fri 30/05/08	Thu 03/07/08
74	Agree integration to sourcing strategy	10 days	Fri 04/07/08	Thu 17/07/08
75	Procure agent / collation	20 days	Fri 18/07/08	Thu 14/08/08

RISK MATRIX

Risk Matrix for Resource Management System Strategy INHERENT RISKS

CONSEQUENCE						
	5	Catastrophic			16	
	4	Major	2	8, 11a)	1,4,7,9,11b),12,13,14	6
	3	Moderate			3,10,15	5
	2	minor				
	1	negligible				
			Very unlikely A	Unlikely B	Feasible C	Very Likely D
			LIKELIHOOD			

RISKS

1. Lack of commitment to change within the organization: 4C
   - Individuals
   - Departments
   - Politicians
2. Lack of clear long-term strategy 4A
3. Corporate strategy timescale does not meet Departmental timescales 3C
4. Lack of drive for achievement of goals by providing resources, both long & short term 4C
   - Other projects taking priority
5. Organisation is not able to manage change 3D
6. Departmental/self interests overriding Council wide interests. 4D
7. Lack of project management skills 4C
8. Design of project doesn't meet business requirements 4B
9. Timing of project incompatible with change requirements 4C
10. Systems adopted not used to full potential 3C
11. Core competencies
    a) Not identified 4B
    b) Made available 4C
12. Technical infrastructure not fit for use 4C
13. Project not delivered to budget 4C
14. Project not delivered to timescales 4C
15, Efficiencies identified not achieved 3C
16. Funding not available 5C

APPENDIX D

RMS STRATEGY APPROVAL : TIMETABLE

July 2005	
8 – 29	One to one discussions with Departments
w/c 25	Re-draft of report to Tom/Jill
25	Briefing to Councillors Coley – Grant
28	Heads of Finance meeting
August 2005	
30	Strategic Resources Group
September 2005	
5	Corporate Directors Board
15	REOPPs
26	Cabinet
29	Council