

Audit Committee Meeting – 10 December 2008

## FINANCE SYSTEM UPGRADE (FSU) PAPER

### Executive summary and recommendations

#### **Introduction**

#### **Decision**

The Committee is asked to note the paper.

#### **Background information**

Baker Tilly (UK) LLP recommended the implementation of an online requisition system as part of their management controls review in 2005. In February 2007, PKF (UK) LLP recommended the implementation of online purchase ordering as part of the follow up of the management controls review.

A Major Project scheduled for 2008/09 was the Finance Systems Upgrade project. The goals of the project were to deliver an upgrade to the SAGE financial system (upgrade SAGE 100 to SAGE 200), to introduce online purchase ordering at the HPC and to enable automated activity reporting/budget tracking by activity in some departments, for example capture the actual Communications department costs by event, FTP costs by case, Education costs by approval visit etc, excluding employee costs. The automated activity reporting was expected to be delivered using SAGE Project Accounting module, after the SAGE 200 upgrade was completed.

The SAGE upgrade aspect of the project successfully went live on 1 April 2008, including the transfer to SAGE 200 of five years of historical financial data.

The subsequent adoption of online purchase ordering, coupled with activity reporting proved more challenging and highlighted a number of system/process issues in August that were raised by HPC departments via a series of user workshops. These included; issues with PRS relating to the processing time required to enter, approve and goods receive high volume-low value orders online, authorisation approval routes specific to each department, system response times and the delayed response from the software provider to ensure timely requisition status reporting from the system.

It became apparent that scarce internal resources would be required to commit further time to the project to address the system and process issues, at a time when there were other high profile and high priority projects (Fees Project, FTP

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					DD: None	RD: None

Statuses Project, Online Renewals Project etc) requiring their attention in the remaining period of the budget year.

A decision was then taken by EMT in October to retain the status quo method of purchase ordering and the existing approach to activity reporting (via department spreadsheets). A business case on online purchasing will be prepared and considered in the future round of Major Project evaluations. The future project wouldn't just be a system implementation project, but also involve a more comprehensive redesign of current purchasing processes.

A paper to note, providing an update on the Financial Systems Upgrade project also went to the Finance & Resources Committee meeting in November 2008.

**Resource implications**

Nil

**Financial implications**

The portion of capex costs incurred in the FSU project relating to online purchase ordering will need to be expensed in the current financial year.

**Appendices**

Nil

**Date of paper**

28 November 2008