

WILTSHIRE COUNCIL

**OVERVIEW AND SCRUTINY MANAGEMENT AND RESOURCES SELECT
COMMITTEE
21 JANUARY 2010**

BUSINESS MANAGEMENT PROGRAMME (SAP) DEVELOPMENT PLAN

Executive Summary

To inform Members of the development issues and work plan for continuing the business improvement that is necessary to ensure the organisation is using SAP in the most effective way and therefore extracting the maximum performance and cost benefit from the solution.

Proposal

That the Committee note the report and associated work plan.

Reason for Proposal

The report updates the Committee on the planned work in the Shared Service Team (SST) to continue the routine development and de-bug of the SAP system following implementation and to work with the organisation to, where necessary, change business practices to enable the full benefits of SAP to be exploited.

**Dr Carlton Brand
Corporate Director, Resources**

BUSINESS MANAGEMENT PROGRAMME (SAP) DEVELOPMENT PLAN

Purpose of Report

1. On the 27 November the Budget and Performance Task Group received a presentation, demonstration and discussion on some of the financial areas of SAP relating particularly to ordering and payment of invoices. At the end of that meeting, it was requested that a report was presented to the next meeting of the Overview & Scrutiny Management and Resources Select Committee, to inform Members of the work plan for continuing the normal development and de-bug process that occurs after a major implementation together with information on the business improvement that is necessary to ensure the organisation is using SAP in the most effective way and therefore extracting the maximum benefit from the solution. The work plan is attached to this report at Appendix A.

Background

2. BMP including SAP went live on 1 April 2009. It was a successful implementation and in the first month the majority of our financial obligations to pay clients and customers were met. The Wiltshire programme has been acknowledged nationally by Deloitte as an exemplar SAP implementation by a public sector organisation.
3. 16,456 staff and pensioners were successfully migrated from the old Cyborg payroll system to SAP.
4. In July 2009 a further 4,817 Police, Fire, Probation and Unison staff and Pensioners were moved from the Cyborg system to SAP. This went to plan with no issues. The final migration of the Schools staff, Councillors and Westlea Housing payrolls, moving a further 11,874 staff onto SAP will happen at the end of April 2010. This will complete the migration of all payrolls from the old Cyborg system allowing it to be archived and closed down contributing towards the £0.7m in savings.
5. We have continued to pay for goods and services and the majority of bugs in the transactional finance area of SAP (paying for goods and services and making payments to clients) have been addressed as part of the bedding-in process. Many of these issues are resolved on a daily basis and the learning and changes incorporated immediately. It is important to acknowledge that business processes are working well.
6. There are also some areas within the accountancy area of SAP that are also in the process of being further developed. These are also included in the work plan.
7. However, as would be expected 9 months after go-live we now need to make a concerted effort to further optimise the processes and deliver increased benefits. It has become clear that with the increasing knowledge of SAP within the Shared Service Team (SST) and the business at large, there is further work that we can do to improve the way that we pay clients and invoices through SAP and support the business of the council.

8. The focus for improvement therefore falls into the following areas and this links to the work identified on the work plan:

- SST working with departments to agree the most appropriate method to use SAP to purchase and pay for their goods and services. In doing this to review the contracts with their suppliers and ensure the necessary knowledge and understanding is embedded in the business to ensure compliance with ordering and payment requirements. *(Numbers 1-3 on the work plan)*
- Complete the development of the accountancy processes. *(Numbers 4-11 on the work plan)*
- Changes within the SST general business to enable continuous improvement. *(Numbers 12-17 on the work plan)*
- Completing the year-end close down successfully with the departments. *(Numbers 18 & 19 on the work plan)*

System Performance Measures

9. The following measures have been developed to enable us to understand the end to end processes and to see how we are improving. Previously the KPI was to measure the number of invoices paid within 28 days (BV8). Whilst this measure could be used, it does not give a true reflection of the Council's performance. What has become clear is that many organisations have contracts with the Council that have shorter payment terms than 28 days. Instead we have selected a range of measures so that we can assess our performance and improvement.

- Time lapse between receipt of invoice to invoice entry onto SAP (to enable us to measure how quickly we are processing invoices and will ensure compliance with vendor contract terms as long as the invoice has been received within SST in sufficient time).
- Delivery date of goods against purchase order creation date (to enable us to see how many retrospective purchase orders are being loaded onto the system by departments and will enable us to know where we need to provide further help, training and support to enable compliance with purchasing and payments processes).
- Purchase order mis-match against invoice (to enable us to analyse the information that is received within SST and understand why we are not able to process invoices cleanly and have to raise queries with departments which cause waste for both sides. It will give us information to discuss with departments to help improve processes and understanding).
- Number of direct payments (FB60's) processed against payments by invoice (MIROS) (to help us measure how many payments we are making against invoices).

Environmental Impact of the Proposal

10. The work plan identifies work on eforms, scanning, Accounts Payable uploads and One Bill, all of which will reduce the need for paper and envelopes and in time will allow us to send and receive directly into SAP electronic invoices which will further reduce postage and the associated process costs.

Equality and Diversity Impact of the Proposal

11. The Shared Service Team promotes equality and diversity and supports flexible hours and working. The work plan outlined will make it easier for that flexibility to be extended further and in the future allow working from hubs or home.

Risk Assessment

12. The principal risk of not proceeding with the work plan is a reduced likelihood of achieving the necessary process improvements to achieve the BMP financial benefits. There is also a detriment to the efficient working of the organisation.
13. Not proceeding would also affect the quality of our services to customers (internal and external) and their satisfaction with the service and the Council as a whole.

Financial Implications

14. Any additional costs necessary to implement the work plan will be absorbed within existing resources where possible, or funded by identifying alternative resources.

Legal Implications

15. We are not aware of any adverse legal, human rights, ethical or governance implications of this report.
16. Implementing this work plan will tend to maintain and improve the reputation of the Council and local government generally, and build trust and confidence in the Council since bills will be paid appropriately and to terms and the accounting process will be robust.

Options Considered

17. The work plan has been built around the continuing development and de-bug of SAP and an awareness of the needs of the organisation at this point in time. Using data collection and systems thinking will allow us to work with departments to change processes within a methodology that is understood by the organisation. The work plan has also been scoped to ensure that we can deliver and measure the improvements using existing resources and at a pace that is deliverable and sustainable.

Conclusion

18. The Committee is asked to note the report and the work plan.

Dr Carlton Brand, Corporate Director, Resources

Report Author: Jacqui White, Service Director Shared Services and Customer Services

Date of report: 8 January 2010

Background Papers

None

Appendices

Work Plan Shared Services Finance Team
